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The Nation's Business

Jobs for Hundreds of Canadians

THIS week The Financial Post presents a comprehensive survey of the migration of European industries to Canada. It is shown that the new factories already established total several score—(no one knows the exact number); that a similar number of projects are in process of study now; that jobs already created for Canadians (quite apart from European technicians who have come in) amount to several hundred; and that the number of new jobs will have risen to several thousand within a few months.

This is a healthy and encouraging movement and one which Canada should seek to expand—always with rigid restrictions to prevent any location of mushroom enterprises, those on a shaky financial or management foundation, and those merely seeking to sell shares to the Canadian people.

* * *

IN A notable interview in this issue, Sir Edward Beatty, chairman and president of the Canadian Pacific Railway Company, who has recently been overseas studying the subject of factory migration at first hand, lends his support to views similar to those that The Financial Post has been expressing for some months. He compares the present opportunity that offers itself to Canada with the beginnings of England's great industrial growth following the Edict of Nantes and the United States' period of industrial expansion after the disturbances in Europe in 1848.

This is one of the greatest opportunities in Canada's history, Sir Edward declares. He urges that the Dominion Government do everything possible to facilitate it.

* * *

THE FINANCIAL POST fully agrees. Ottawa's action in permitting so many industrialists and their technicians to come to Canada already suggests that Hon. T. A. Crerar, Minister of Mines and Resources, who includes immigration among his responsibilities, has a clear conception of the opportunity provided and the need to grasp it.

But Ottawa could properly go further and attach an industrial officer to Canada House in London, with instructions to comb the European factory field for sound industries capable of taking solid root in Canadian soil.

Sir Edward Beatty warns that caution is needed. The Financial Post, too, has urged that. But courage and caution may go together. So numerous are the industrialists seeking a haven in the New World, removed from the alarms and unrest of Europe, that we have the happy opportunity of being able to pick and choose from among the enterprises available.

Invitation to the sound industries, rejection of the unpromising ones, should be Ottawa's positive policy.

* * *

Incentive Plan Urged for Defense Purchases

DISSATISFACTION with cost-plus munitions contracts and with the 5% profit limitation decreed by Parliament for non-competitive orders is expressed by representative Canadian industrialists interviewed recently by The Financial Post. Their views are reported elsewhere in this issue.

One important, constructive suggestion which should be given consideration by the new Defense Purchasing Board is that wherever possible new contracts of this type be placed on an incentive or "target price" basis.

One or two contracts placed in Canada by the British Government for the purchase of airplanes have been on this "target price" basis. Under this type of contract a "target" cost or price is named. If the manufacturer produces the article for less than this cost the rate per cent of his profit goes up. If he goes above this target price the rate of profit goes down.

* * *

WHEN the legislation creating the new Defense Purchasing Board was placed before Parliament the bulk of argument centred round the 5% profit limitation. Many people probably got the impression that henceforth all munitions business would be subject to this restriction. But the 5% clause applies only to non-competitive contracts. Its application, however, is considered so difficult and in many cases so impracticable that business placed by the Board will probably be on a competitive basis.

On competitive contracts no instructions are given the Board except the customary proviso that wherever possible the lowest tender be accepted. Nor has the Government been offered much constructive advice by those who have been critical of the 5% limitation as to the type of contract believed most favorable.

Careful study by the Defense Purchasing Board of the target price contracts now being used in Canada by the British Government in its dealings with Canadian airplane manufacturers, and extension of this plan wherever practicable and pos-

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British Capital Flow To Canada Checked

Informal "Request" of British Treasury to Investors Acts as Effective Ban on Movement of Funds, Survey Here Shows

By A. D. ELLWOOD
Investment Editor, The Financial Post

Flow of new capital from Great Britain to Canada has been definitely checked by the "request" from British treasury authorities that British investors refrain from buying foreign securities. This ban has been just as effective on an unofficial basis as if it had been embodied in a formal set of regulations.

So The Financial Post learns from discussions with a number of investment firms, brokers and bankers in this country.

Ever since the early part of June, London brokers have refrained from including quotations of dollar securities in their lists. Canadian investment firms having offices in Great Britain have been requested to stamp on any informational circulars or offering lists of Canadian securities that this list is not presented as an offering of the securities mentioned but only for the information of clients.

For the purpose of the ban, the British officials include Canadian securities in the same category as United States securities. They are all labelled dollar securities and trading in them is restricted.

Selling Balance in N. Y.

While there is no restriction on British investors selling dollar securities, either U.S. or Canadian, which they already hold, actual trends in this respect appear mixed. For example, an important firm in New York with London offices advises the senior partner of a Toronto brokerage firm that "purchases of United States securities by British investors have virtually ceased in London and have been sharply cut in New York."

It would be quite possible for British investors who were already in possession of funds on deposit in New York or who were receiving money in that city, to buy U.S. securities with this capital. But even this business has lessened in recent weeks.

This same source goes on to say that "there is still some trading among Britishers in U.S. stocks in England where it is not a question of capital going out of that country." There has for a long time been a certain floating supply of U.S. stocks in London and the purchase or sale of these securities by British investors would not be affected by the edict.

A development that appears unusual to this New York firm is that "in recent weeks British investors have been selling U.S. securities on balance. It does not appear, however, that the capital so obtained is being repatriated but rather that it is remaining on deposit in New York." This firm adds that its former practice at its London office of quoting in U.S. securities has ended.

Arbitrage Business Continues

A Toronto brokerage firm that does a large arbitrage business between Toronto and London reports that volume of transactions has not been noticeably affected. This business is not active at present but does not appear out of line with the current level of general stock market activity. This same firm also states that there has been no noticeable balance in favor of either sales or purchases.

Another well-known stock exchange member reports that the unofficial ban on trading in dollar securities has dried up some of the selling of Canadian securities that might otherwise have been experienced. British holders of Canadian stocks are unwilling to sell for fear that they will not be able to re-purchase Canadian securities again.

Continental Business

From Canadian bond houses, which probably do the greatest proportion of the buying and selling of Canadian securities, comes word that sales in Britain are virtually impossible to make. There is still a large volume of business being done through London but it is for the account of Continental buyers. This business is extremely difficult to trace down to its ultimate source.

Even where the Canadian firm has a London office of its own, the sales are usually completed through an intermediary. This third party is usually a bank or another broker in Paris, Amsterdam or Zurich. A Canadian firm making such a sale is not necessarily interested in knowing who actually supplies the funds in this case, particularly as the contract frequently specifies Canadian payment and delivery.

For all practical purposes, it appears that the pointed hints of British treasury officials have been exceedingly effective. Canada, at least, is not getting any British capital for investment in this country and it appears that the same situation prevails in the United States.

Buying from British sources of N.Y. stocks has always been an important factor in providing strength to that market and when New York market is strong so are Canadian markets. Canadian bond houses, almost without exception, report that the steady trickle of orders they had been obtaining from Britain has ceased.

The Turner Valley oil interests who have been negotiating for British capital to assist in building a pipe line or for other developments in Turner Valley will probably also find their success blocked so long as the present situation continues.

New Capital Restrictions

In discussing this matter it is necessary to distinguish between new issues and issues of securities that have been marketed previously and are regular trading mediums. For example, there are no restrictions on a British investor switching from one Canadian bond to another Canadian bond.

If a new issue is to be sold in Britain, it is necessary to obtain the approval of the London Stock Exchange before a broker can be persuaded to make the necessary secondary market and handle distribution. This makes it quite easy to bar effectively raising of new capital by Canadian or foreign sources in Britain. It would hardly be possible, for instance, for British American Oil to repeat its last year's sale of treasury stock in London under present circumstances.

This applies to anyone wanting to raise capital in Britain from foreign enterprises and similar restrictions were in effect at the period of widespread refunding of government obligations in the early 30's.

Emergency Loans

The question is raised as to whether or not the British authorities are not discriminating against Canadian needs in permitting and encouraging loans to Turkey, Poland, Roumania and even New Zealand, while refusing to allow Canada to obtain any capital. The answer to this seems to be that Britain regards these loans to potential, or actual, allies in Europe as a legitimate and desirable part of the country's defense programme. Moreover, most of this money is expected to be spent in England.

In the case of New Zealand, the recent £9 millions loan is thought to have been primarily to bolster New Zealand's supply of sterling exchange. Speculation had been rife as to whether or not New Zealand would be able to meet all its exchange obligations and certain restrictions had in fact been imposed. Thus, this latter loan takes on the nature of an emergency measure of which Canada is in no need.

It is almost impossible to make any estimate of the amount of new capital that Canada has lost as a result of this ban. There are statements from numerous investment firms that they are unable to do business with formerly active British accounts. But it is not possible to make any estimates from this information. It is too hypothetical.

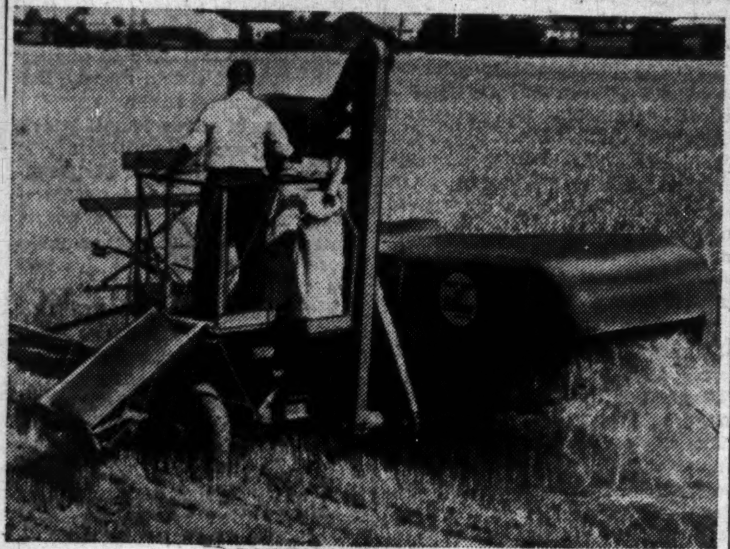
Perhaps when the Dominion Bureau of Statistics figures for the international trade in securities for June and July are available some more accurate estimate can be made.

Signs of Dropping Movement

Figures compiled by the Investment Dealers Assoc. for the Dominion authorities and inclusion in the latter's all-inclusive analysis, indicate that in June this group sold $1.7 million of securities of all types to British purchasers, while buying back $3.8 millions from the same source. This is well below previous monthly figures for this year.

A complete comparison cannot be

(Continued on page 2, col. 6)



For many years the combine harvester-thresher was considered only adaptable to the huge acreages and climatic conditions of western Canada. But agricultural implement engineers, plus farm experience, have changed this. The combine is now being seen frequently in Ontario fields.

Pictured here is the new "Clipper" combine recently introduced by Massey-Harris Co. at work on the farm near Toronto of T. A. Russell, president of the company. This machine costs about $800, less than half that of the older and larger models.

Prefer Target Price For Defense Buying

Industrialists Favor Incentive Basis For Arms Contracts

Defense purchase contracts should be, wherever possible, on a "target price" or incentive basis rather than the cost-plus or profit-limit type, in the view of leading Canadian industrialists whose opinions were recently canvassed by The Financial Post.

The "target" type of contract favored by Canadian industrialists, and also by some departmental officials connected with the placing of Government contracts, is one whereby a "target" cost is fixed. If the manufacturer produces the article for less than this cost the rate of his profit return goes up. If he goes above this target price, the rate of profit goes down.

Some such provision is apparently included in the initial contract placed by the British Government with Canadian Associated Aircraft Ltd. This contract provides reasonable protection against loss to the company. It also provides for profits which are proportionate to the speed, efficiency and economy with which the work is done.

Need for Incentive

Ordinary cost-plus contracts (of which a number have been let in the past by the Dominion Government) do not normally provide such an incentive it is claimed.

One Canadian industrialist expressed himself as averse to cost-plus contracts as being an incentive for the producer to make what he is producing cost as much as possible. Where such a type of contract cannot be avoided it should be based on a fixed fee—which should be generous but definitely limited, he suggested.

Retention of the profit incentive is regarded as essential to produce quick and efficient action but no cost-plus contract without some kind of a limit on profits should be entered into. Where a contract is drawn on a basis of a fixed fee, for the services rendered in production, incentive clauses should be added, it is argued. There should be a graduated bonus for delivery in advance of the contract date and a penalty for delay in delivery.

5% Profit Limit

The 5% limit on profits prescribed for non-competitive contracts in the new legislation establishing the new Defense Purchasing Board is described as "fool legislation." One industrialist thinks the 5% limit is thoroughly impracticable in cases where new production is wanted, and that no one would put money into the new plant on that basis in view of the speculative risk involved in the war material business.

Most manufacturers whose views were obtained incline to the view that effect of this limitation in new Defense Purchasing Board Act will be "morally rather than practically" bad. The result, it is felt, is that the non-competitive contract will disappear and that all business will be placed on a supposedly competitive basis to avoid the 5% limitation. (As the bill is now on the statute books the 5% limitation applies only to non-competitive contracts).

Definition of "Capital"

One other way in which it is suggested that the 5% limitation will be avoided is by mutual agreement in the definition of "the average capital employed."

Under the new legislation, the amount of profit is dependent on an official interpretation as to how much capital is actually employed

(Continued on page 2, col. 1)

Ottawa Seeks to Cut Loss in Wheat Crop

From Our Own Correspondent

OTTAWA.—The announcement of the Goverment that the Wheat Board will not handle the wheat marketed under the 60-cent initial payment statute is in reality an economy move. The Government, in view of the size of the crop, is endeavoring to cut down the loss to the treasury.

Wheat will be marketed this year under two statutes. Farmers will be given 70 cents per bushel, Fort William, for their wheat up to 5,000 bushels. If a farmer has more than 5,000 bushels he can either sell it on the open market or sell it under the pooling act. This act, passed at the same time as the 70 cent act, provides that the Government will guarantee pools against loss on an initial payment to farmers of 60 cents per bushel, Fort William.

Difference in Plans

Under the 70-cent act, the farmer delivers his wheat to the local elevator, as the agent of the Wheat Board, and gets his money. The wheat becomes the property of the Wheat Board and, as such, the cost of storing it is a charge against the Wheat Board.

Under the 60 cent initial payment, the farmer sells to one or other of the many pools which will likely be created in the West (in addition to the three prairie pools) and receives a first or initial payment. The pool markets the wheat and when all the wheat in any one pool has been sold the proceeds, over and above the initial payment, are divided among the farmer members on a bushelage basis. But the pools must pay their own storage charges.

Holdback Likely

As a result, the pools are not likely to pay the farmers more than 52 or 54 cents of the 60-cent guarantee. They will hold back enough money to pay storage for whatever period they think they will require to get rid of the wheat.

The significance of the announcement, therefore, is that the Government will not be liable for storage charges on pooled wheat.

Offer to Buy Acadia Sugar

From Our Own Correspondent

MONTREAL. — Directors of Acadia Sugar Refining Co. have accepted an offer from Anglo-Dutch Refining Co. for the purchase of the former company, subject to approval of shareholders.

Purchase price suggested is understood to be $3 millions, one half of which is payable in cash and one half in 6% redeemable debentures to be issued by Anglo-Dutch Refining. This is equal to the par value of outstanding preference and common stocks of Acadia Sugar Refining. Special meetings of Acadia Sugar shareholders will be called to consider the offer.

Crop Expected Above Average

From Our Own Correspondent

WINNIPEG.—The hot weather of the last two weeks of July, coupled with lack of moisture, which was badly needed in some areas, put an end to hopes of a bumper crop in western Canada. Nevertheless the crop outlook is still probably better than average, taking the west as a whole.

Alberta conditions are better than those in either of the other two provinces and that province still has good hopes of producing over 20 bushels to the acre. In many parts of the province there has been no deterioration from either heat or lack of moisture. In such parts, farmers are actually anxious to see continued hot, bright weather, in order to bring the crop along in time to escape danger of frost.

The southeastern corner of Saskatchewan has been badly damaged, and over a fairly large area, heat, drought and grasshoppers combined have developed conditions of actual or near crop failure. In some other parts of the province, the principal effect of the hot weather was to bring the crop along to maturity too rapidly to permit adequate filling of the heads. Fields which formerly looked good for from 30 to 40 bushels to the acre are likely to produce only half of such quantities.

In other parts of the province again, crops have stood up well, and excellent yields are still expected. But on probably a third of the Saskatchewan acreage yields will be disappointing in comparison with earlier hopes.

Damage in Manitoba

Deterioration has been general over most of Manitoba, which province will probably produce less wheat than last year, while Saskatchewan will have far more wheat and Alberta at least some more than last year.

The crop has been maturing more rapidly than was expected so that a great deal of cutting has been done in Manitoba, as well as over a large part of Saskatchewan. But much of Alberta's crop is still standing green.

There are still experienced men who hope for a total crop well in excess of 400 million bushels. But the majority of guesses run below that figure.

C.P.R. Profits Likely Higher During 1939

Air Mail to Western Canada Hits Telegraph Receipts

UPWARD TREND

From Our Own Correspondent

MONTREAL. — Present indications are that earnings of the Canadian Pacific Railway in the current year will be higher than in 1938.

Better earnings from rail operations appear assured. During the first half of the year net earnings from rail operations were $2.6 millions higher than in the corresponding period of 1938. This improvement was due to an increase of $520,315 in gross traffic revenues and a decrease of $2.1 millions in operating expenses.

Continuance of the upward trend in net earnings, which has been evident during the past four months, is expected. Furthermore, improvement in the last half of the year may accrue more from increased revenues than from decreased expenses.

Grain Crop Will Help

A favorable factor for the C. P. R. is the prospect of a larger grain crop in western Canada. This should mean additional traffic and earnings. Under normal conditions the C. P. R. handles more than 55% of the grain shipments from western Canada and derives about 60% of its income from that territory.

Low wheat prices are, of course, an obstacle to marked recovery in western traffic. The larger wheat crop this year will probably mean a wider distribution of purchasing power in the West, and this should mean some increase in valuable merchandise traffic from the East. There is, however, no hope of this traffic regaining its former volume until wheat prices are higher.

While earnings from rail operations are likely to be higher, other income is expected to be somewhat lower. This classification includes income from investments, steamships, hotels and telegraphs.

The most important reduction under this classification will probably be in dividends from Consolidated Mining and Smelting Co. The Canadian Pacific owns 1,682,500 shares of this company's common stock and dividends are likely to be less than the $2.50 a share paid in 1938.

Steamship revenue is expected to be somewhat lower, although the reduction may not be serious. Because of conditions in Europe and the Orient there has been a drop in steamship passenger traffic. Results of the hotel division have been satisfactory, a favorable factor being the increased business at the time of the visit of the King and Queen.

Air Mail Hits Telegraphs

Telegraph business was given an impetus by the visit of the King and Queen and the volume of press dispatches was substantial. Recently, however, there has been a drop in telegraph receipts.

One thing that has hit telegraph business is the air-mail service provided on the Trans-Canada Air Lines. Night letter business to Winnipeg, Vancouver and other major centres in western Canada is suffering.

A favorable factor at the present time is the improvement in passenger receipts. One reason for this is the large number of persons who are spending their holidays on this continent instead of going abroad. The visit of the King and Queen also had a favorable effect on passenger receipts.

The international situation is without doubt causing many Canadians and Americans, who usually go abroad, to spend their holidays nearer home. An indication of this is the success of the cruise of the Duchess of Richmond through the Panama Canal to Alaska. Demand for accommodation on the cruise was considerably in excess of the available space.

French Purchase Plan Under Study

Method of Raising $50 Millions Fund Being Considered

Negotiations are continuing, The Financial Post learns, looking to creation of a $50 millions fund for purchase in Canada of a wide range of munitions and industrial products for France. Existence of the proposal and launching of discussions between French and Canadian interests was revealed in last week's issue of The Financial Post in a Paris cable from Horace T. Hunter, president of The MacLean Publishing Co.

Current reports indicate that sponsors of the plan have under consideration the public sale of bonds in both Canada and the United States, to provide at least part of the funds required.

Allied with the plan, it is understood, is the rumor of possible establishment of a Canadian unit of the Schneider-Creusot arms industry. Eugene Schneider, head of the industry, was recently reported in touch with Joseph Simard, Quebec industrialist, in regard to the proposition. Discussions of the plan are thought to be still under way.

Beatty Urges Move To Invite Industries

C.P.R. Head Proposes Active Official Effort to Attract to Canada European Capital Seeking Haven — Sees Great Opportunity

From Our Own Correspondent

MONTREAL.—"The Dominion Government and other appropriate public bodies should do everything possible to explore the opportunities for transferring to Canada as many as possible of the industries seeking a new location as a result of the present situation in the Old World."

This statement was made to The Financial Post by Sir Edward Beatty, president of the Canadian Pacific Railway, in an interview following his return from a business trip to Great Britain.

Sir Edward has no definite proposal for the admittance of skilled workmen refugees from Europe, as was reported by cable from Great Britain, but he does intend to recommend to the Dominion Government that it actively seek new industries from Europe.

Great Opportunity

Sir Edward envisions the present situation as one of the great opportunities in Canada's history. "It would be most unfortunate for us to miss it," he said.

He emphasized that Canada must not remain on the side lines and wait for these industries to come here. Rather, the Government should be actively seeking new enterprises and capital which will further the industrial development of the country.

That many European industries and much capital are seeking refuge there can be no doubt, and Canada offers an excellent haven.

"Capital, executive ability and technical skill are all available, and are literally seeking refuge." Sir Edward told The Financial Post. "Despite our inability to separate ourselves entirely from European eevnts, this country appears to the Old Country as a haven of peace and order. The solidity of our political and social system, the free development of industry permitted under democratic institutions, the enormous resources of raw materials available—all these offer definite attractions."

Answer to Opposition

When The Financial Post's representative suggested there would be some opposition to European industries and workmen coming to Canada, Sir Edward replied:

"I know the alarms which are felt in some quarters. I realize that there is fear of competition with existing industries, and an equal fear that, with unemployment still on a large scale, this would be a bad time to bring workers here. I think that these fears are unjustified. The experience of history has always been that important movements of capital and labor to countries which still offer great opportunities of economic expansion have been the starting point of whole eras of development.

"When, at the time of the Revocation of the Edict of Nantes in 1685, thousands of subjects of the King of France sought religious liberty in England, they brought with them capital and skill which were the very foundation of the later industrial development of Britain. When, in the troublesome years around 1848, great numbers of Europeans fled from oppression to United States, their coming, equipped as many of them were with special technical skill, made an important contribution to American development.

"Today, those who flee from oppression in Europe, and from fear of war or revolution, can contribute greatly to the development of Canada.

"Caution must be exercised, of course. Industries already established should be invited to discuss this question, and to consider how they can expand their own operations, with the aid of capital and skill from abroad. In the case of other specialized industries, which have no direct counterpart in Canada, there is every reason for encouraging them to come. Refugee capital cannot well be prevented from coming. It is important that we should be prepared to indicate opportunities for its successful use here. While there can be no question of wholesale admission of refugees of all types, the admission of investors with capital and of technical specialists should be encouraged."

The London Spectator recently listed in an article cases where single refugees have succeeded in establishing industries in England employing large numbers of British workers. Sir Edward commented:

"The same thing will happen here if we let suitable individuals enter Canada, and assure that they will be encouraged in their efforts to develop the country.

"Every care will have to be used, but, with all this care, the fact still remains that nothing but benefit can result to this country from additions to our capital equipment, and to our supply of skilled specialists. That process does not end in overproduction or unemployment. Expansion of industry, coupled with drastic elimination of waste, is the only possible answer to our present problems of underproduction and unemployment.

"We have one of the great opportunities of history. It would be most unfortunate for us to miss it."

Highlights

Influx of European industrial capital and executives has already meant a great deal to Canada and promises to mean still more. Half a hundred new industries have come in or are being established in the Dominion, a comprehensive survey discloses.

Europe's Industries—p. 9.

* * *

Break-up values behind shares of mining holding companies are greater than ever before, a staff analysis reveals. Present situation and future outlook are appraised in

Holding Stocks—p. 15.

* * *

Increasing effort by American publishers to develop non-Canadian sources of newsprint should stir Canadian authorities to decisive action, it is urged by Hon. Frank Carrel of Quebec, former newspaper publisher, in an exclusive interview with The Financial Post.

Publishers and Papermakers—p. 10.

* * *

With a Dominion election in the fall by no means assured, and several factors working strongly for its postponement, the pre-election campaign is gaining increasing momentum. The situation is authoritatively surveyed by A. Grant Dexter.

Campaign Warms—p. 9.

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General Index on p. 2.

U.S. Trusts Sell Ford "A"

Liquidation of 19,000 Shares Features Changes in Holdings

Though leading United States investment trusts made few changes in holdings of Canadian securities in the three months ended June 30, quarterly reports of a number of these institutions show heavy liquidation of Ford Motor Co. of Canada class "A" shares.

A total of 19,000 shares of this stock were sold by four companies. Tri-Continental Corp. sold 1,400 shares, although retaining 7,500 as at June 30. Other companies which eliminated this holding from their portfolios included Selected Industries, which sold all of the 8,900 shares held; Capital Administration, which disposed of its entire holdings of 3,000 shares; and Broad Street Investing, which sold 5,700 shares, retaining none.

Sold in Spring

These sales took place between April 1 and June 30, a period of generally weak stock markets. Along with the rest of the market, Ford Motor Co. of Canada class A shares declined in the early part of April. The movement on Canadian markets for this stock was from $19 a share to $16½ a share. Toward the end of the quarter the stock recovered to $20 a share, close to which level it has held to date.

A study of previous records shows that these investment trusts were heavy buyers of Ford Motor Co. of Canada class A shares in the first quarter of 1937. During this period the price of this stock ranged from a low of $23 a share on the first day's trading in 1937 to a high of $29½ in February, and held close to its high level throughout the period. This would indicate that the trusts accepted a substantial loss in disposing of their stock in the three months just closed.

Five Others Mentioned

Other Canadian stocks involved in portfolio changes by eight of the largest U. S. investment trusts in the last quarter include Aluminium Ltd., Dome Mines, Hudson Bay Mining & Smelting, International Nickel and McIntyre-Porcupine.

In the case of Aluminium Ltd. there were both purchases and sales shown with the balance of sales being 2,895 shares. Dome Mines was the only Canadian stock to record a clear gain with the other three showing minor declines in popularity.

A summary of purchases and sales of Canadian stocks by this group of U. S. investment trusts in the past quarter follows:

	Sales shs.	Purchases shs.
Aluminium Ltd.	3,945	1,050
Dome Mines	....	3,600
Ford A	19,000	....
Hudson Bay Mining ..	300	....
Inter. Nickel	1,500	[illegible]
McIntyre-Porcupine ...	300	[illegible]

Alexander Bldg. Corp. To Buy In Own Bonds

From Our Own Correspondent

MONTREAL. — Shareholders of Alexander Building Corp. have approved the proposal of the directors that the annual appropriation for depreciation be used to purchase the company's bonds at a discount. In the past two years the company has purchased a total of $82,000 of the company's 6% first mortgage bonds for redemption.

MEN'S SHOP

FINE APPAREL FOR MEN

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MEN'S SHOP

BAY STREET SECTION

EATON'S - COLLEGE STREET

Prefer Target Price For Defense Buying

(Continued from page 1)

in the manufacture of the specific item or material. The Board need not determine the net profit in respect of such contracts until the contract has been completely performed, although departmental officials contend that in practice the profit basis will be worked out in advance.

Representations to the Government at the time the legislation was being drafted contended that no manufacturer would know how much profit (if any) he was going to make on a specific order until after it had been completed. Departmental officials, on the other hand, claim that this is not so and that under subsection four, paragraph seven, the Board is empowered, if it wishes, to "determine and set out in the contract the average amount of capital to be employed."

Further Criticism

Another manufacturer described the 5% profit clause on non-competitive war material orders, as unworkable. He foresaw cases where capital employed might be small in relation to annual turnover, thus netting relatively small profits on large orders.

On the other hand, where capital employed is large in relation to dollar value of goods produced the profit on turnover might be more than adequate.

The best method of control was thought by this industrialist to be the taxation of excess profits on the production of war materials. In certain cases where new capital investment is required for production of a commodity not previously produced the 5% limit was described as quite unworkable.

Cost-plus Basis Derided

Another manufacturer described the cost-plus contract as a great incentive to "bum manufacturing." Producers, he thought, should be given a profit incentive but the incentive should be made to operate in such a way as to induce the manufacturers to produce as efficiently and as economically as possible.

Still another manufacturer said the cost-plus contract was unsound because the incentive was wrong. The money incentive, he thought should be established in such a way as to encourage maximum efficiency of production at the lowest possible cost. In a cost-plus contract the incentive works in reverse.

Difficult to Generalize

One manufacturer canvassed in The Post survey suggested that it is difficult if not impossible to generalize in respect of armament contracts. He pointed to the fact that all kinds of contracts were being used in Great Britain and in the United States. He said that one of the most common now being used in Great Britain was what is called the "go ahead" order. A manufacturer of airplanes, for example, would be told to go ahead and produce so many of a particular type. Profit would be settled after cost of production had been determined on a basis of between 6% and 12% varying in accordance of the degree to which the Air Ministry felt the producing company should be built up.

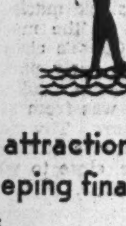
Aircraft Contracts

In Canadian aircraft production, at least three types of contracts are presently being used. Some contracts have been placed on a fixed-price basis. This means that a definite price is determined in advance by comparison of British and Canadian costs and a contract is made to produce planes for a fixed sum at so much per plane.

Several other outstanding contracts are on a cost-plus-10% basis.

The Canadian Associated Aircraft contract is classed as of the "target" type, as is also an important order now being handled by a Canadian company for British aircraft.

Your Holiday Time . . .



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British Orders Curb on Output French Planes

Planned Canadian Production of French Craft Presents Problem

LIMITED CAPACITY

Major factor in prospect of producing French military aircraft in Canada, The Financial Post is told, is whether Canadian aircraft plants can fill French orders without interfering with British and Canadian defense requirements.

As previously indicated in The Financial Post, a primary consideration has been the financial and production capacity of Canadian aircraft firms to handle French orders. This problem affects them either as individual plants or as participants in a joint assembly scheme such as that of Canadian Associated Aircraft Ltd., now engaged on a British bombing plane order.

Behind the reported likelihood of a French order for 140 planes going to National Steel Car Corp. is understood to be the disinclination or inability of some of the other aircraft firms to make capital commitments for plant expansion or central assembly plants. National Steel Car has substantial working capital at its disposal.

French Group Negotiating

At least two other Canadian companies, and in all probability most of the Dominion's aircraft producers, have been in contact with representatives of a French aircraft production and banking group enjoying French Government support. It is known as Groupement Aeronautique Complementaire. Proposal advanced, certainly in the early stages of negotiations, called for a central assembly scheme involving provision of $400,000 capital by the French group and $200,000 apiece by the two firms referred to.

One of these two firms, it is learned, turned down this scheme after considerable negotiation and investigation earlier this year. Difficulty of obtaining the capital required and reluctance to sink it in the plan, even if obtainable, was one reason for withdrawal, but not the only one. The second firm, as far as can be ascertained, was no more enthusiastic about the central assembly plan or the raising of new capital, but has maintained contact with the French group up to as recently as last month.

British Needs a Factor

In both cases, The Financial Post is informed, the financial and plant capacity problem was not the only consideration involved. Of equal importance, it is said, was the question of whether present and future orders from both the British and Canadian Governments could be filled without disruption, if the French orders were undertaken.

There was also the question of whether acceptance of French orders would meet with the approval of British and Canadian authorities counting on Canadian plants as a source of supply. This latter point, it is understood, has even yet not been satisfactorily cleared up.

To what extent such considerations have been a factor in the reported negotiations with National Steel Car, it is difficult to say. It would appear safe to assume, however, that problems of this type would affect all Canadian aircraft firms to varying degree.

Extent of Order Doubtful

Another point on which some uncertainty prevails is whether the order slated for National Steel Car represents the entire order the French group plans to place in Canada, or whether other requirements are to be sought from this country. The report concerning the order for National Steel Car mentions 140 bombing planes. The information supplied The Financial Post about the other two firms' earlier negotiations refers to 144 Briguet two-engine fighting planes.

It is difficult to determine whether the original plan for fighters has been changed; whether the National Steel order actually will be for fighters rather than bombers; or whether the French group will order both bombers from National Steel and fighters from other firms.

Status of Group

According to The Financial Post's informant, the Groupement Aeronautique Complementaire was formed late last year by interests associated with French aircraft firms not taken over by the Government for military purposes. They received French Government encouragement, it is said, and were given authority to negotiate for production of aircraft in Canada for the French Air Ministry.

Among those mentioned as associated with the group are Rene Lacoste, Georges Chrétien, O. L. Mutinot, Jacques Henri, and Georges Monnet, the last being cited as North American representative. The Dreyfus banking interests are said to be ready to provide necessary financial support for the venture. An agent of the group is reported to be in Canada at present.

Tor. Elevators Profits Gain

Toronto Elevators has just finished a satisfactory year which will show the preferred dividend well covered and probably over $1 a share earned on the common, The Financial Post learns. The company feels that it should be in a position to benefit from the larger grain crop now being harvested.

Prospects are said to be better and interest in the company's securities has been revived as a result.

In the year ended July 31, 1938, Toronto Elevators experienced the worst year in its history, reporting a net loss of $255,697 before providing for any dividends.

The Nation's Business

(Continued from page 1)

sible, appears a sound and useful suggestion.

* * *

Making Farming Pay Once More

FARMERS have become machine-minded. They like their equipment efficient and economical as well as streamlined.

Combine harvester-threshers are seen today not only across the prairie wheat fields, but also in much smaller fields of eastern Canada. One estimate of the saving resulting from adoption of the modern small combine, as compared with the old method of binder-thresher harvesting, is that total operating costs of harvesting an acre of wheat can be reduced from $2 an acre to 26 cents.

Credit for this is twofold. In the first place, drought and low prices forced farmers on this continent to change their methods if they were to continue to make a living. Then came the contribution of the farm implement engineer. He designed newer and smaller combines, put them on rubber tires and offered them at less than half the price of earlier, cumbersome combines that would do about the same amount of work. For his power he designed a modern, streamlined tractor, that uses a six-cylinder engine, runs on rubber tires and uses less fuel than older kerosene models did.

Canadian implement companies have kept pace in this modernization programme. Cockshutt Plow Co. has designed, and is building, its own combines at Brantford in the new small sizes. They are entirely a product of Canadian brains and equipment, using, where desired, engines imported from England. Massey-Harris has vigorously maintained its reputation for engineering foresight as publicized last week in the announcement of its Clipper Combine. International Harvester's Canadian affiliate is active in the field.

One of Canada's basic problems is restoration of farm purchasing power. The combination of engineering skill and human ingenuity in reducing costs of operation is doing a great deal to hasten the return of profitable operations.

* * *

The Catholic Church and Peace in Europe

POPE PIUS XII took up summer residence in his lakeside villa, Castel Gandolfo, last week. While there, he will write his first encyclical in the rustic quiet of the Alban Hills. The subject of this is reported to be the pacification of Europe.

The news of the impending encyclical happens to coincide with reports of behind-the-scenes efforts of the Vatican to promote a settlement in Europe. One version of the story suggests that there will be no war in Europe partly because of the firm stand taken by the Catholic Church to prevent the involvement of Italy and because of strong moral pressure exerted upon Hitler.

A chain of circumstantial evidence has been woven together to make a single pattern of Earl Baldwin's visit to Canada and J. P. Morgan's cruise with the Archbishop of Canterbury in the Mediterranean where they are reported to have seen not only the Pope but the Metropolitan of the Greek Church. Our own Cardinal Villeneuve's visit to Europe is said to figure in the discussions. The argument is that Italian participation with Germany against the democratic powers would mean the wiping of that country off the map and the possible disappearance of the Roman Catholic Church "as a potent force."

The net result (it is claimed) is that the Church has been extraordinarily active (presumably with some success) in exerting a strong influence for peace in Europe.

* * *

IT ISN'T necessary to weave a tale like this to confirm the fact that the present Pope is fervently active in the cause of peace.

In his former high responsibility as Papal Secretary he was in effect the Secretary of State of Foreign Affairs for the Catholic Church. His contribution in church diplomacy was outstanding. Added to that he is a man, as described last spring by Atticus, as one to whom the "human family" in its most universal conception, is of supreme importance; a man to whom peace is the very breath of life and to whom race is an arbitrary division of very little importance.

The Pope therefore has unusual qualifications as a peacemaker. There may be a further incentive of self-interest and self-preservation as far as the Catholic Church is concerned but that is true of all Christianity.

Were it possible to link the pacification efforts of this vast and powerful organization to those of other Christian churches and extend them to the rank and file of laymen throughout the world we might come more rapidly to the place where reason rather than force would prevail in international affairs.

Stock Exchange Reviews Upturn

Montreal Comment Appraises Market Improvement in July

From Our Own Correspondent

MONTREAL. — The Monthly Review of the Montreal Stock Exchange notes that "the latter part of July witnessed the best improvement in the securities market since the Czecho - Slovakian crisis in March." The Review says:

"On July 22, the Montreal Stock Exchange and Montreal Curb Market average for 20 industrial stocks reached a recovery high of 74.4. This was the highest level since the end of March, and 7.9 points, or 11.9%, above the year's low of 66.5 established on April 11. It marks a recovery close to half of the previous loss from the year's high of 85.0 established on Jan. 4.

"Simultaneously, there was a sudden return of market activity. In the early part of the month the volume of transactions for single sessions reached its lowest level since 1932 and 1933, but there was a marked increase in turnover in the second half, industrial volume in one session expanding to its best level since the March-April break in the market."

The review also states, "an improved feeling regarding the European political outlook appeared as the main factor in the market's betterment. An at least temporary lessening of war fears allowed the steady improvement which has occurred in business over the past couple of months to be reflected marketwise."

Canada Malting Profit Holding at 1938 Rate

With sales and profits for the six months ended June 30, 1939, very close to the level prevailing for the corresponding period of 1938, Canada Malting Co. expects that full results for this year will approximate those of last year. It is said that export business has been maintained unexpectedly well. Selling prices for barley malt have been reduced in line with the prevailing lower barley prices with the result that there has been little change in the company's margin of profit.

In 1938, Canada Malting Co. earned $2.50 a share on its common stock and paid dividends totalling $2 a share.

Production of Pig Iron In Canada Off in June

From Our Own Correspondent

MONTREAL.—Production of pig iron in Canada during June amounted to 52,805 long tons, or 8.5% less than in the previous month, and 18% less than in June of last year.

For the first six months of the year, production of pig iron was 296,521 tons, a decrease of 26% from the corresponding period of last year.

Output of ferro-alloys for the first six months of 1939 was 30,904 tons, compared with 33,159 tons in the first half of 1938. Production of steel ingots and castings in the first half of the year totalled 580,141 tons, a decrease of 13.5% as compared with the corresponding period of last year.

New Discoveries For God's Lake

Strikes Made at Knife Lake and Group East of Mine

Exploration carried on by God's Lake Gold Mines in recent years is now having its reward, according to President R. J. Jowsey, and two new surface showings have been opened up on new properties by the company.

The first, on a group of claims bordering Knife Lake, Manitoba, is regarded by officials as the most outstanding surface showing yet made in the area. Exploration has disclosed a width of 4 ft. showing plentiful free gold. This showing has been opened for a length of 50 ft. and assays are said to run high. Arrangements are being made to start diamond drilling in September. The vein runs into a lake and drilling is felt the most effective means for exploration.

At the Sandy Macdonnel groups of claims 15 miles east of the God's Lake property, a high grade vein has been uncovered for a length of 136 ft. averaging one foot in width. Some drilling has been done and further work is planned to find the extensions.

As stopes in various parts of the mine have opened better than expected, the mine's ore position has been well maintained, it is stated.

Diamond Drilling Gives Employment

Forty-three Firms Had 1,627 Employees Last Year

A report by the Dominion Bureau of Statistics reveals that a total of 43 firms engaged in diamond drilling in 1938 had a combined income of $3,956,664. Altogether 2,296,773 ft. of drilling was completed during the year. Wage earners of these firms totalled 1,627 and they drew wages amounting to $1,801,988.

Ontario led the provinces in footage of diamond drilling completed, accounting for 57.3% of the total. Quebec was a good second with 31.2% while British Columbia was next in importance with 5.1%. Diamond drilling was also carried on, in Nova Scotia, New Brunswick, Manitoba, Saskatchewan and the North West Territories in 1938.

Borts, ballas, carbons (black diamonds), ready set bits, etc., were responsible for purchases of $649,374 during 1938, the Bureau states.

Imports of diamond dust or bort and black diamonds into Canada in 1938 totalled $3,950,698, compared with $4,630,037 in 1937. Diamond drills and core drills imported, but not coal drills or cutting equipment, were appraised at $151,519 in 1938 against $198,426 in 1937. Imports of unset diamonds amounted to $983,112 in 1938 compared with $1,304,201 the previous year.

COMMERCIAL ALCOHOLS

From Our Own Correspondent

MONTREAL.—The Montreal Curb Market has called for trading an additional 275 common shares of Commercial Alcohols Ltd. These shares have been issued under the company's employee stock subscription scheme. The total number of common shares now outstanding is 179,790 shares.

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British Capital Flow Checked

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made but it is understood that May figures for sales by the members of this association were $2.4 millions while January showed $3.9 millions. While these figures indicate a substantial drop in June, it should be pointed out that they are not complete and that June was a month of mild war scares when capital was more than usually timid.

This is not the first time that Britain has restricted the movement of capital from the country but the restrictions have always been confined to domestic capital. London has built up its standing as a money centre of the world by the way in which it has protected investments and the long period of free movements to and from the country.

Back in 1931, for example, a Canadian bond house sold an issue of New Brunswick bonds in London. Part of the agreement between the underwriters and the province was that the bonds were to be listed on the London Stock Exchange. But unfortunately for these plans, this was just about the time that Britain went off the gold standard and movements of capital were restricted. It was many months before the Canadian underwriters were able to carry out the part of their agreement which called for listing of the bonds.

Voluntary Co-operation

The British Treasury, the Bank of England, the London Stock Exchange and its members all work very closely together. A system of voluntary co-operation has been worked out over many years that seems to work better than all the formal regulations in the world. Thus, when Sir John Simon, Chancellor of the Exchequer, asked British investors — private, investment trusts, insurance companies and other institutions—not to add to their holdings of foreign securities, it was just as effective as a formal command.

At first there was some confusion but much of this was cleared up when the Chancellor, speaking at the British Bankers' Association dinner toward the end of May, said:

"Private purchases of foreign securities could, if not restrained, amount to a very considerable drain on our capital. They could be stopped completely only by measures of inspection, registration, and control, all of them very hampering and very undesirable if they can be avoided.

"These are measures which for my part I would be very reluctant to impose unless the need for them is proved. The principle on which we have worked at the Treasury is that we would only seek power from Parliament to impose prohibitions whenever that is the only way of attaining a necessary object without delay or without excessive cost.

"The great institutions represented by those present tonight could by an organized effort exert a great and beneficent influence. If that is done I hope it will be possible to avoid imposing formal restrictions which certainly would be found to be very galling and very inconvenient to a great number of people.

"It does not really depend on the Government; it depends on the co-operation which I am sure we will get from those who advise and control the subject of private citizens' investments. This co-operation between the City and the Government, influencing investors to refrain from sending out of the country money which is the property of British citizens, should undoubtedly be the best way of preserving this element of our financial strength."

A Defense Measure

It is apparent that the British treasury authorities regard defense of the country's exchange position as a vital part of its rearmament programme. An ample supply of sterling exchange is just as vital for the country's defense as is an army and navy.

A prominent British banker recently discussed this matter with a visiting Canadian business leader. He pointed out that the action of the Government was not intended as a discrimination against Canada as to some it must seem. It was essentially a matter of protection for sterling exchange. This is also the feeling of the London representative of one of the large Canadian bond houses.

A second motive which must receive careful consideration is the necessity that British authorities are under of conserving domestic capital for borrowing to pay for huge defense expenditures. Momentarily the British money markets are expecting a defense loan for amounts that have been variously estimated up to £500 millions.

Rising Interest Rates

Interest rates have shown some tendency to rise in England in recent months. For example, yield on United Kingdom 3½% war loan had risen to over 3.75% by the end of May at which time the yield on a comparable long-term Canadian Government bond was 3.05% and in the United States 1.92%. This naturally threatens to make the necessary defense borrowing more expensive, a factor which treasury officials desire to minimize as far as possible.

Actually so far as sales and purchases of securities are concerned, there has not been any substantial balance of British capital coming directly to Canada this year. For the first five months of 1939, Canada sold $2.4 millions of securities to British buyers more than investors in this country purchased from Britain. This was the net import of capital for this period.

Of course, it should be pointed out that important amounts of British capital come to Canada indirectly through New York. An unknown amount of the net sales of securities to the United States during this same five-month period amounting to $44.5 millions was undoubtedly British capital.

This is probably one of the chief reasons that Canada is included in the ban on trading in dollar issues. For all practical purposes, the tables are turned. Instead of Canada having to protect its currency against rises in value of the pound sterling, the United Kingdom is protecting sterling against the Canadian dollar.

Mobilizing Resources

How seriously the British treasury authorities regard the necessity of protecting the country's capital and exchange resources in the event of war and as part of its preparation for defense is made clear by an item in The Economist of July 15, which has the following to say:

"Preparedness today takes many forms, covering 'white war' and 'red war' alike. For some time past it has been known that the authorities were considering the computation of the amount of foreign assets which could be marketed abroad in the event of hostilities.

"The mobilization of American securities during the Great War was one of the most efficient financial achievements of those four fateful years, and although British investors no longer hold substantial amounts of American railway securities (which formed a large proportion of the assets then mobilized), holdings of foreign securities marketable abroad in British hands are still large.

"It is understood that the treasury has invited members of the Association of Investment Trusts to make a return of the total value of their foreign securities as at June 30 of this year. Detailed lists are not required at this date, but totals are to be divided into four groups, comprising U.S. dollar securities, Canadian dollar securities, foreign securities, excluding the British Dominions and France, and other international securities which can be realized outside of this country, the Dominions and France.

"The latter category would clearly include British securities marketable by deposit receipts or blank transfers in the United States and such shares as Royal Dutch and 'Shell' Transport. To be complete, the survey would also need to cover insurance companies and other financial institutions with appreciable holdings of foreign investments, and it is understood that the insurance offices are preparing a similar investigation."

Inflow $61 Millions

Capital continues to flow into Canada, according to the latest figures prepared by the Dominion Bureau of Statistics, external trade branch. May marked the fifth consecutive month when sales of Canadian securities to investors in other countries exceeded purchases by a wide margin. The result is that the balance of sales to all countries, representing import of capital, has been almost $61 millions up to the end of May this year.

During the first five months of 1939, net sales to the United States were $44.6 millions, while the United Kingdom bought $2.4 millions and other countries $14 millions. In the corresponding months of 1938, security transactions with all countries resulted in a net inflow of capital of around $7 millions. To make up this total last year, the U. S. bought $7.7 millions, other countries $4.3 millions, while the United Kingdom sold back to Canadian investors $5 millions of our own securities.

Bonds Largest Half

The $61 millions total this year is split roughly as follows:

1. About $33 millions of Canadian bonds, of which $31 millions went to the U. S. and the balance to countries other than the U. S. and the United Kingdom.

2. Sales on balance of Canadian stocks to the amount of $14.6 millions—$1.2 million to the U. S., $1.6 million to the United Kingdom and $11.8 millions to other countries.

3. About $3.1 millions net sales of U. S. bonds and $9.3 millions of U. S. stocks, almost all of which went back to the U. S.

Greatest change in transactions with any one country in May took place with the United States. Sales to that country increased $5.5 millions while purchases from the U. S. declined by $3.3 millions.

In security trade with the United Kingdom, Canada repurchased slightly more than was sold to that country, chiefly bonds, while sales of Canadian stocks exceeded purchases by about $500,000.

How the net balance in Canada's international trade in securities has fluctuated over the past two and a half years is shown by the following tabulation.

Security Trade Balances*
(Millions of dollars)

	Total	U.K.	U.S.	Other Countries
1937				
Jan. ...	—5.9	+4.2	—11.9	+1.8
Feb. ...	+12.9	+7.2	+3.6	+2.1
Mar. ...	+3.7	+4.6	—2.2	+1.3
Apr. ...	—11.7	+0.6	—13.2	+0.9
May ...	—2.1	+1.7	—4.2	+0.4
June ..	—2.3	+0.5	—3.9	+1.1
July ...	—2.9	—1.1	—2.8	+1.0
Aug. ...	+0.1	—0.4	—0.8	+1.1
Sept. ..	+2.7	+5.4	—3.6	+0.9
Oct. ...	—5.3	+1.1	—7.0	+0.6
Nov. ...	+5.4	—2.3	+7.7	....
Dec. ...	+0.6	—1.4	+1.8	+0.2
Total, 12 mos.	—4.8	+20.1	—36.3	+11.4
1938				
Jan. ...	+4.0	—2.1	+5.0	+1.1
Feb. ...	+4.5	....	+3.7	+0.8
Mar. ...	+0.5	....	+0.3	+0.2
Apr. ...	—4.9	—2.1	—3.6	+0.8
May ...	+2.8	—0.9	+2.3	+1.4
June ..	+8.2	—1.3	+8.0	+1.5
July ...	+6.7	+0.6	+4.6	+1.5
Aug. ...	+4.8	—3.5	+5.2	+3.1
Sept. ..	+7.6	+0.5	+5.4	+1.7
Oct. ...	—0.3	+0.8	—3.5	+2.4
Nov. ...	+2.0	—0.5	—0.2	+2.7
Dec. ...	—7.0	—3.7	—5.0	+1.7
Total, 12 mos.	+28.9	—12.2	+22.2	+18.9
1939				
Jan. ...	+19.3	+2.4	+15.2	+1.7
Feb. ...	+9.2	+1.1	+6.0	+2.1
Mar. ...	+16.5	—0.7	+13.6	+3.8
Apr. ...	+5.1	+0.3	+0.4	+4.4
May ...	+10.8	—0.7	+9.3	+2.2
Total, 5 mos.	+60.9	+2.4	+44.5	+14.0

*Plus signs indicate net sales or import of capital.
*Minus signs indicate net purchases or export of capital.

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AUTUMN TERM OPENS SEPTEMBER 14

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H. C. GRIFFITH, M.A., LL.D., Headmaster

London Calling—By Atticus

American Journalists Subjected to High-Pressure Hospitality Reflecting Disorganized Spontaneity of British When Determined

LONDON.—One of our austere provincial dailies has been complaining about the lack of organized Government hospitality. It cited the case of the distinguished American newspapermen who arrived recently on the Yankee Clipper with no official welcome and no programme of entertainment. Oddly enough, Professor Leacock struck the same note some years ago when he said that London needed a proper publicity department with booklets prepared by experts.

The Professor said the principal booklet should begin: "Situated as it is in the midst of a large agricultural area with up-to-date transport facilities, cheap water power and a new gas works, London offers an ideal opportunity for those looking for a factory site or a quiet family life."

I commend Professor Leacock's comments to the newspaper which has worked itself up to such a pitch of indignation. As a matter of record, I doubt if the visiting American journalists were allowed a moment's peace from their arrival to their departure. On their first night in London a number of them were invited to dine at the American Embassy, where Queen Mary was the guest of honor. On an ensuing night Lord Beaverbrook gave a reception for them, a reception which was typical of the man. The place was full of lifelong personal friends and lifelong political enemies.

Previous to the Beaverbrook affair the visitors had been given tea on the terrace at Westminster, where they met several of our most important political figures and enjoyed a conversation which was strictly informal but highly informative. Some of the American publicists remained in London until the end of the week and were submitted to more high-pressure hospitality which must have left them exhausted and pleased. In short, we proved once more that the Germans are right when they say that nothing can stand against the disorganized spontaneity of the British when they really set out to do a thing properly.

* * *

Back to Rome

The movements and changes of the Diplomatic Corps in London supply their own commentary on European affairs. Jan Masaryk has become a star lecturer and is in keen demand. The Duke of Alba is General Franco's Ambassador instead of merely an unofficial champion. Now the resignation of Count Grandi adds yet another change to the restless scene.

Many theories have been advanced to explain Count Grandi's resignation, but it would seem on the surface that the appointment of a former Foreign Minister and Ambassador to the post of Minister of Justice is not a promotion. Sheer logic would suggest that in a totalitarian state foreign affairs are likely to be of more urgent importance even than justice.

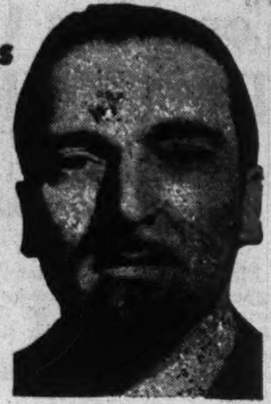
Many of us thought after Count Grandi's inexplicable speech denouncing the democracies that something subterranean was going on. It was so alien to his personality and his record that one suspected pressure from Rome.

For that reason the friendship which was felt for Count Grandi and his wife in this country has suffered no eclipse. Before he came here we knew of him as a soldier of outstanding bravery, as one of the leaders of the Fascist march on Rome, as the man whose speech of criticism in 1921 nearly divided the Fascist Party, and as a Foreign Minister who never descended to the brawling vulgarities which today debase the currency of international relations.

In addition to all that we found in him a figure of dignity, sincerity and charm so that even during the Abyssinian war he held his place unshaken in political and social circles.

* * *

I find it interesting to recall that scene a few months ago in Rome when the high priests of Fascism were drawn up at the station to receive Mr. Chamberlain. Signor Mussolini was alternately frowning like an avenging Thor and then smiling like an urchin at a circus. Count Ciano was moving about with the vivacity and self-assurance of one whose countenance attracts the rays of the sun. Count Grandi stood quietly and elegantly like an aristocrat who would mount the throne or the tumbril with the same air of unforced magnificence.



COUNT GRANDI

like a man at peace with himself and in sound health. In fact he gave the impression of one who had come back to Westminster from a holiday.

There is no climax to this story, but I am inclined to think it is not without significance.

* * *

Retiring at 32

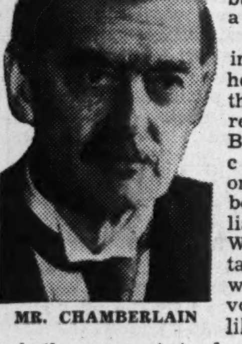
It is not good news that the Earl of Feversham thinks of leaving the Government and, like Cincinnatus, returning to the plow. Well-informed rumor has it that when the summer recess is over he will no longer be at Westminster as Parliamentary Secretary to the Board of Agriculture, but will live in the country looking after his estate. Lord Feversham is only thirty-two, a period of life when he should be looking for new fields to conquer, not old ones to preserve. Other advantages are his voice and his appearance. I heard him speak in the House of Lords the other day, and was much struck by both these attributes. Unlike so many of his contemporaries who clip their words or squeeze the helpless vowels in their throats, he has a full, rich tone that is most agreeable to the ear.

It is true that the office which he holds is not a glittering one and that he is probably experiencing the melancholy that spreads over all our agricultural Ministers. But, as the son-in-law of Lord Halifax (he married the eldest daughter of the Foreign Secretary), he would be near the councils of the mighty in the years that lie ahead.

* * *

Prime Minister at Ease

If we agree with the dictum that personalities dominate events, then the physical and psychological condition of the Prime Minister of Great Britain is not only important but perhaps a portent.



MR. CHAMBERLAIN

One evening recently, he proposed the second reading of a Bill which concerns only Members of Parliament. The Whips were taken off and we could vote as we liked as to whether or not twelve guineas a year should be deducted from our stipends to create a pension fund for those who might fall on barren days.

It was the first time for many months that Mr. Chamberlain could address the House without measuring every word and thinking of the possible reaction from foreign capitals. Nothing could have been better than the clarity and the humanity of his appeal. He looked like a man at peace with himself and in sound health.

* * *

Word from the Front

Two years ago Count Edward Raczynski, the Polish Ambassador, said: "Whatever happens in Europe, Poland is always in the front line." At the time the remark seemed to border on the flamboyant, an expression of opinion by one of a race that thinks and speaks easily in terms of drama. Recent events have shown how sober and accurate an estimate it was. A people set between Russia and Germany can be excused for thinking that the hurricane, if it comes, will not lightly pass them by.

Last week I met Count Raczynski at two functions. On both occasions he was in excellent spirits; obviously he does not regard an early European war as inevitable. I pass this cheerful news on from the front line to those in the support trenches.

Count Raczynski first came to London three years before the war, being then an Austrian subject. It is said that he had only one letter of introduction, but since it was to a tailor he showed discretion in its choice. During the war he fought on the Austrian side, while his brother fought for the Russians. Neither had any choice but to serve in the forces of the power to which he was subject.

After the war, when Poland became an independent state again, he returned to London as Secretary to the Polish Legation.

* * *

Women Honored

Miss Florence Horsbrugh has been appointed Parliamentary Secretary to the Ministry of Health in place of Mr. Robert Bernays, who has moved on to the Ministry of Transport.

At this particular time when women are playing such a brave part in national defense I have no doubt they will appreciate the appointment of one of their sex to the Government. Nothing was more striking in the national service parade a fortnight ago than the sight of a comely young woman marching in the front rank of the civil air guard with men on each side.

Miss Horsbrugh will be in the same position. Men to the right of her, men to the left of her, will volley and thunder, and the only feminine solace she will find will be in Miss Thelma Cazalet who, as the solitary woman Parliamentary Private Secretary, sits just behind.

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New Books

Monetary Theory

MONETARY EQUILIBRIUM. By Gunnar Myrdal. Published by William Hodge & Co., 86 Hatton Gardens, London, Eng. Price 12/6.

Most monetary theories accepted and promoted on this continent are oversimplified. Every crisis has produced its new monetary doctor with his cure-alls and slogans.

In Europe, monetary scholars move more slowly, preferring to test their ideas as they go along. Their writings—with the possible exception of those of Prof. Cassell—make no appeal to the layman and, in fact, are not capable of being understood by him. This can be said of Professor Myrdal's study of the various theories of Monetary Equilibrium. It is essentially a technical work for the technical student.

The study was originally published in Swedish and then in German. In the present translation, the original text has been little changed.

What Is Leadership?

LEADERSHIP IN DEMOCRACY. By Lord Lloyd. Published by Oxford University Press, Toronto. Price 65c.

Democracy in Canada falters for the lack of leadership. Never were words spoken that are more applicable to the Canadian problem than those used by Lord Lloyd in this pamphlet, a reprint of his Walker Trust lecture at St. Andrews University. Leadership, he makes clear, does not consist of following public opinion. "What a deplorable misunderstanding of tasks of leadership to congratulate yourself on catching the bus which you are supposed to be driving!"

Leadership, he says, is the opposite to dictatorship. "A dictator denies men the right to refuse to follow him. A leader inspires free men with the feeling of moral obligation to follow him."

Japanese Propaganda

THE ECONOMIC STRENGTH OF JAPAN. By Isoshi Asahi. Published by The Hokuseido Press, Tokyo. Price $3.

Herein a Japanese author sets out to prove that Japan has become a great industrial nation and that it intends to become a greater one by unselfishly undertaking the task of rebuilding continental Asia, "with or without foreign help." Sneers at Christianity and democracy are plentiful.

The phrase "Pax Japonica" may be a new one to most people. Isoshi Asahi sets it forth nakedly and lucidly. A reading of this volume will indicate to the democratic nations what they are up against in the Far East.

New Markets for Farms

FARMWARD MARCH. By William J. Hale. Published by Longmans, Green & Co., Toronto. Price $2.25.

Among the most significant of the new words is "chemurgy." It represents the study use of chemistry to find new markets in industry for the products of the farm. Dr. Hale is an American industrial chemist who has caught the vision of solving the "farm problem" by joining the farm and the factory. Agriculture will produce the raw materials; industry will turn them into a million new products needed for the health and happiness of mankind.

In "Farmward March" he outlines what industrial chemistry has already done to find uses, other than food, for farm products and suggests the vast horizons lying ahead.

Particular emphasis is put upon cellulose, vegetable oil and ethyl alcohol as farm products capable of supporting giant industries.

Pamphlets for People

MORE THAN A MILLION. Published by Public Affairs Committee, 30 Rockefeller Plaza, New York.

For three years the Public Affairs Committee has been publishing pamphlets dealing with economic and social problems, chiefly those that have grown up in the United States in recent years. Many of them have consisted of summaries of larger volumes. The Committee has reduced extensive research studies to 32 pages (10,000 words) and put them in non-technical terms. The pamphlets have covered such a wide variety of subjects as disease, machines, unemployment, relief, education, co-operatives, consumer credit, etc. As grants from foundations are available, the pamphlets are sold at ten cents. Thirty-two have been published.

This pamphlet is a record of this excellent work and record that one million pamphlets in all have now been sold.

R. G. Meech Is Elected As New Loblaw Director

At the recent annual meeting of Loblaw Groceterias Co., R. G. Meech, K.C., partner in the Toronto legal firm of Long & Daly, was elected a director to replace G. H. Muntz, resigned. During the meeting, J. Milton Cork, president, reported that results for the first period of the current company year showed improvement over a year ago and expressed confidence this gain would continue. He also mentioned that Loblaw Groceterias, Inc., operating in the U. S., was ahead of last year in sales volume.

R. G. MEECH

Axis Powers Make Dicker

Canada Concludes Barter Deal With Reich and Italy

From Our Own Correspondent

OTTAWA.—The Rome-Berlin axis remains a headliner in the field of Canadian trade.

The Dominion Government has declined to bless the proposed Manitoba-Berlin barter deal, involving $300,000. But the deal is going through under the terms of the Canada-German trade agreement of 1936—that is, if the Bracken Government can so arrange matters—so that Canadian producers over a wide range of commodities will benefit to a substantial extent.

Meantime, the Quebec Government has arranged a barter deal amounting to $35,000 with Italy and, as there is no trade agreement in force with Italy, Ottawa will not intervene, much as the barter principle in trade is disliked by the Dominion Government.

Based on 1936 Deal

The original Manitoba deal proposed to trade Manitoba barley, butter, honey and seed grain for electrical equipment needed by the Manitoba Government telephone system. Germany not only quoted Manitoba a very low price on the equipment but agreed to accept these four commodities in payment.

But the Dominion in 1936 had entered into a trade agreement with Germany whereby Germany pledged herself to use all money realized by sale of goods to Canada to buy Canadian products in accordance with a certain schedule.

This schedule, which is part of the agreement, says that available Canadian funds shall be spread over 21 products in varying percentages. Germany has 37% of such funds to use as she pleases. The remaining 63% is divided as follows:

Item	%
Wheat	35
Fresh apples	5
Dried apples	.6
Cheese	.2
Honey	.2
Sausage casings	.75
Seeds	1.25
Salted salmon	2.5
Frozen salmon	.25
Salmon caviar	.15
Frozen eels	.5
Canned lobsters	.2
Fishmeal	1.4
Fish oil	2
Sawn lumber	2
Pegwood	.2
Woodpulp	1
Asbestos	8
Parts of agricultural machines	.2
Ice hockey equipment	.2

Providing that Germany is prepared to devote her 37% to the purchase of Manitoba products, it is apparent that $228,300 of the $300,000 may be spent in Manitoba. The balance, however, would have to be spent on products not obtainable in that province.

The Quebec-Italy deal involves the exchange of $35,000 of Gaspé codfish for Italian wines and is chiefly important as a reminder that a long established trade is still trying to survive the blows of autarchy. In normal times Italy bought upward of $300,000 of Gaspé cod and sold Canada a wide range of goods. Obviously, neither Quebec nor the Dominion at large can profitably buy $300,000 of Italian wines per year.

Italian Pact Negotiations

The Trade and Commerce department has been endeavoring for some time to make a trade agreement with Italy but the negotiations have failed not on account of Ottawa's unwillingness to accept Italian goods, but because the state purchasing authority in Italy will not bind itself to buy Canadian fish. In recent years, competing fish, chiefly the product of Newfoundland, has been cheaper.

Canada's proposal to Italy is that in exchange for reductions in tariff, Italy would undertake to buy stipulated quantities of certain Canadian products, chiefly fish. Hitherto Italy has declined to commit herself but the negotiations are still proceeding.

REORGANIZATION SANCTIONED

Ontario Courts have sanctioned the reorganization plan of the Dominion Alloy Steel Corp. At a meeting on July 14, shareholders agreed to accept a write-down of capital and gave directors authority to borrow up to $100,000 by a certain mortgage on the company's property.

Privy Council May Rule On B. C. Gas Price Fight

From Our Own Correspondent

VANCOUVER. — Oil companies operating in British Columbia intend to carry their fight against the Provincial Government's experiment in price-fixing to the court of last resort if necessary, their spokesmen assure The Financial Post.

Press dispatches from Victoria have reported the possibility of a compromise settlement between the Government and the oil interests regarding retail gasoline prices, but such overtures are denied by the executives of the oil companies involved in the present litigation.

Next move will be application for leave to appeal to the Supreme Court of Canada from the decision of the provincial court of appeal, which refused to uphold a decision of the B.C. Supreme Court enjoining the Government from reducing gasoline prices. It is expected that the Supreme Court of Canada will deal with the issue during October, and it is probable that the case will go to the Privy Council regardless of the verdict.

Meantime, the Government, although fortified by the B. C. Court of Appeal's decision, has made no move toward cutting retail prices of gasoline. Originally the fuel board, under Dr. W. A. Carrothers, had ordered a three to four cents per gallon reduction, and it was against this order that the injunction was sought and won by the oil companies.

Now there is some talk at the capital to the effect that the Government may not make gasoline users the sole beneficiaries of the proposed cut, although this was the original intention. Indications are that the retail prices may remain the same, but that the Government will use for road building or general purposes the amount clipped from the price paid to the oil companies.

The companies still contend that reduction in price is not justified on the basis of cost of production and distribution and in view of prices prevailing in adjacent territory.

Canadian National Reduces Deficit

Increased Revenue Results in Better Showing in June

From Our Own Correspondent

MONTREAL.—A reduction of over $5.1 millions in net revenue deficit is reported by Canadian National Railways for the first six months of the current year. Net revenue deficit for the period amounted to $505,417 as against $5,679,982 in the first half of 1938.

The improvement is largely due to an increase of $4.9 millions in operating revenues, but a reduction of $252,594 in operating expenses has also been a factor.

An increase of $1.5 million in operating revenues in June was partly offset by an increase of $728,790 in operating expenses. As a result there was an improvement of only $758,487 in net, the net revenue deficit for the month amounting to $12,095. Operating expenses in the past two months have shown a reversal of the trend evident during the first part of the year. Expenses increased in both May and June while in the first four months of the year they were lower than in the same period last year.

Month of June	1939 $	1938 $
Oper. revenues	15,189,521	13,702,244
Oper. expenses	15,201,616	14,472,826
Net revenue deficit	12,095	770,582
Six Months Ended June 30		
Oper. revenues	87,681,530	82,759,559
Oper. expenses	88,186,947	88,439,541
Net revenue deficit	505,417	5,679,982

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Investment Trends

Markets Watch London For Next Trend Signal

Trading Volume Dries Up in Canada and New York Accompanied By Indecisive Drifting— Patience Still Seems Essential Virtue

In the absence of any move in Canadian or U. S. stock markets to change or confirm the direction of the immediate trend of prices, attention has been turned more to what is happening on the London exchange.

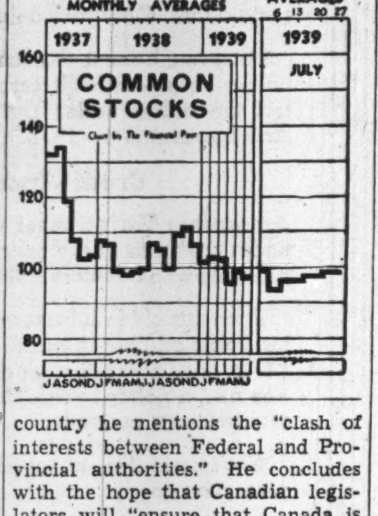
London was slow in reflecting the burst of strength shown in New York, even more so than were Canadian exchanges. But a fairly steady upward movement over the past two or three weeks has now brought prices close to the previous high for 1939. At the closing levels on Aug. 1, the Financial Times average of London industrial stocks was at 101.2, down fractionally from the July 28 close of 101.5 and 4.1 points below the 1939 high of 105.3.

If the London average could penetrate through the 105.3 level, it would give fresh hope and strength to those believing that the trend is upward. Already the recovery from this year's low in London of 91.4 has extended to 10 points, a substantial move in a market that is traditionally conservative in its actions.

* * *

Canadian Markets Stagnate

In Canada, there has been neither activity nor decisive direction to stock movements of the past couple of weeks. The fact that after their initial burst of strength, the New York markets have not been able to make any noticeable progress, lends some grounds to the belief that some reaction may be experienced before long.



But actual course of business still seems upward, both here and in the United States and Britain, although the movement is not spectacular. Encouragement is felt from the tendency for volume of stock sales to lessen in periods of weakness, evidence that there is no pressing urge to take profits or to liquidate securities held.

The worst menace to investor peace of mind remains, as it has been for many months, the possibility that further uprisings in Europe will generate into another crisis. Nerves are still weak from experiences of the past year and August and September have been so widely heralded as the probable time of the next war scare that investors can be forgiven if they hesitate to extend themselves too greatly.

* * *

Rubber Losses Unlikely

Canadian rubber manufacturers should have at least one factor in their favor when it comes to computing earnings for 1939. Crude rubber prices have remained consistently near 16 cents a pound for almost a year now, thus removing the necessity for more than nominal inventory adjustments. It will be recalled that in 1938 higher earnings were largely due to gains which offset the previous year's heavy write-downs in inventories.

This long period of stable crude rubber prices has been achieved in the face of steadily declining world stocks of rubber. On July 25 the International Regulations Committee met in London and set a new export allowable for crude rubber for the third quarter at 60%, as compared with the original 55% quota. American estimates point out that even a 10% increase in quotas from the 55% prevailing at the start of the present quarter, to 65%, would probably no more than balance consumption for the balance of the year.

This would bring world stocks of crude rubber to a level approaching that of the middle of 1937 when prices reached a high of 27 cents a pound by the end of this year. It is thus already being forecast that rubber companies should be able to escape any inventory write-down for this year end.

Canadian crude rubber imports in May were above a year ago and for five months of this year are up 34.7% above the same period of 1938.

This, of course, is only one factor in estimating earnings and it is possible that sales volume will not make quite as favorable a showing.

* * *

Canada as Investor Haven

C. S. Macdonald, chairman of Dominion-Scottish Investments, Ltd., told shareholders the other day that "on the whole, Canada appears to be the safest country for investments." He reviewed some of the reasons why the United States, for example, was less attractive as a country in which to invest. A nearly stationary population is going to find the heavy new borrowings of the administration in that country, which are bringing increased taxation, almost too heavy a burden. The situation has changed in that country, he says, from the period when increased borrowings were offset by a growing population and resultant expansion in industry.

As problems to be solved in this country he mentions the "clash of interests between Federal and Provincial authorities." He concludes with the hope that Canadian legislators will "ensure that Canada is made a safe haven for European capital."

* * *

Canadians Buy U. S. Steel

Non-residents of the United States held a little less than 10% of the total outstanding shares of U. S. Steel common at the end of June. Out of total foreign holdings of the common stock amounting to 841,965 shares, Canadians held 124,812 shares, a gain from the 131,404 at March 31 and the approximately same amount as a year ago.

Canadians were the only important foreign holders of U. S. Steel common to increase holdings in the last quarter. British holders disposed of approximately 33,000 shares, bringing their holdings to 334,108. Holland held 325,615 shares, also down about 2,000 shares in the quarter but still above a year ago.

Investment Notes

British American Oil Co. has given Foster Wheeler Co. a contract for three new steam generating units. One of these units, which will replace existing equipment, will be erected at the Montreal refinery and two at the Toronto refinery of B. A. Oil.

* * *

Simpsons Ltd. has announced that holders of more than 75% of the outstanding Robert Simpson preferred to date have accepted the offer of $135 in cash or the equivalent in 4¼% bonds of Simpsons Ltd. for each share of the 6% preferred.

* * *

Canadian Investment Fund—During the quarter ended June 30, holdings of common shares of Aluminium Ltd., National Steel Car Corp. and Steel Co. of Canada were increased. In addition, 2,000 shares of George Weston Ltd. were added to the portfolio. Holdings of common shares of Noranda Mines, National Breweries and Lake Shore Mines were reduced.

Fleet Aircraft Ltd. Sells 58,000 Common Shares

From Our Own Correspondent

MONTREAL.—Up to the close of business on July 31 a total of 58,000 shares of Fleet Aircraft had been issued under the offering of 100,000 shares to shareholders and the public.

The additional shares have been called for trading on the Montreal Curb Market. This brings the number of shares outstanding to 148,289 shares.

Trans-Canada Carried 2,146 Persons in June

From Our Own Correspondent

MONTREAL.—The Trans-Canada Air Lines carried 5,794 passengers in the first six months of the year.

Since inauguration of daily service between Montreal and Vancouver there has been steady improvement in the number of passengers carried. The number climbed from 1,386 in April to 1,811 in May and 2,146 in June.

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B.A. Oil Calls 4% Debentures

Arranging Refunding — Announcement Expected Soon

British American Oil Co. is redeeming the outstanding balance of its 4% debentures due March 1, 1945, on Sept. 15 of this year. These debentures will be redeemed at 101½ plus accrued interest. On Sept. 1, 1939, $222,000 of these debentures will be redeemed for sinking fund which would leave approximately $3.1 millions still outstanding.

At the present time the company is working on plans for new financing and it is expected that some announcement will be made shortly in this regard.

Sold in 1935

Originally these 4% debentures, to the amount of $4 millions, were sold in April, 1935, by A. E. Ames & Co. to retire bank debt incurred for capital expenditures and other corporate purposes. Operations of sinking fund since then have reduced the amount approximately $900,000.

About a year later, in March, 1936, B. A. Oil sold $4 millions of serial debentures, the proceeds of which were used to reimburse the company for redeeming its previous 5% convertible debentures. These 5% debentures were outstanding to the amount of $4.1 millions at the end of 1935 and were redeemed on May 29, 1936, at 103.

During 1938, B. A. Oil raised approximately $3 millions by selling 150,000 shares of treasury stock in London, England, at $20 a share.

Saguenay Power Will Sell Notes

Company to Refund Serial Notes and Fund Bank Loan

From Our Own Correspondent

MONTREAL. — Saguenay Power Co. has been authorized by the Quebec Provincial Electricity Board to issue $3.4 millions of 2½% bank loan notes, payable in U.S. funds.

Proceeds of the issue are to be used to redeem outstanding serial notes bearing interest at the rate of 3%, 3½% or 4%, depending on maturity date, and to repay a current bank loan of $700,000.

Principal amount of serial notes to be redeemed is $2,720,000 and a total of $2,770,000 will be required to redeem these notes. The whole operation, including refunding of the bank loan, requires $3,470,000.

As indicated above $3.4 millions of this is to be obtained by the issuance of bank loan notes which are to be sold at not less than par. The remaining $70,000 is to be obtained from the current funds. The bank loan notes are to mature serially 1940 to 1946. A total of $700,000 will mature in each of the next two years, and $400,000 per annum from 1942 to 1946 inclusive.

The operation will result in a saving of $86,750 to Saguenay Power. Funding of the bank loan will also improve its working capital position.

Winnipeg Electric Co. Earnings Increased

From Our Own Correspondent

MONTREAL. — Net earnings of Winnipeg Electric Co. in June were $17,748 higher than in the same month last year, amounting to $212,441.

Present indications are that earnings of the company in the current year will be at the highest level since reorganization and consolidation in 1935. Net earnings in the first six months of the year, due to increased business, were $125,879 ahead of the same period of 1938.

Month of June	1939 $	1938 $
Gross earnings	532,877	509,271
Oper. exps. & taxes ..	320,436	314,578
Net earnings	212,441	194,693
Six Months Ended June 30		
Gross earnings	3,519,777	3,338,822
Oper. exps. & taxes ..	1,989,380	1,934,304
Net earnings	1,530,397	1,404,518

Eastern Dairies Ltd. Business Is Better

From Our Own Correspondent

MONTREAL.—In the three months ended June 30 there was a general improvement in business of Eastern Dairies Ltd. and its subsidiaries, W. R. Aird, president, told shareholders at the annual meeting. Milk and cream sales were 3% higher than in the same period last year. Mr. Aird said business this year, barring unforeseen developments, should show improvement over last year.

Directors were re-elected and A. J. Nesbitt added to the board.

Lower Deficit in June Shown by Soo Line

From Our Own Correspondent

MONTREAL. — Minneapolis, St. Paul and Sault Ste. Marie Railway reports a net deficit in June of $503,953. This compares with $535,589 in the same month last year.

Deficit in the first six months of this year amounted to $4,035,053, an increase of $160,694 over the like period of 1938.

Market Opinions

In the absence of any decisive action by stock markets over the past week or so, comment tends to confirm previous suggestions that the likely trend is upward.

The Economist, London (July 22)—"Basically, the instinct of the market this week has been sound; it has reduced quotations for gilt-edged stocks more nearly to fit the magnitude of defense borrowing; and it has been more inclined than for many weeks past to consider the claims of equities."

* * *

Brookmire Counselor, New York—"A lull in the broad upward movement of stock prices presents another opportunity for the investor to check over his portfolio in an atmosphere free from market excitement. Since the economic recovery and additional expansive influences should bring much higher levels for stock prices (aside from temporary setback), the investor should continue to make sure that his active fund is invested in the type of stocks which share fully in recovery."

* * *

Barron's, New York — (The Trader)—"The stock market nowadays cannot be hurried and, considering what it achieved in the first three weeks of the month, its technical position cannot have been critically weakened in the light of the sidewise movement of the past week. Since August has been invariably a month of upward progress in all but severe liquidating movements, such as 1907, 1917 and 1937, and since financial and industrial forces continue in the ascendancy, patient confidence is a logically justifiable market attitude."

* * *

Barron's, New York (The Dow Theorist) — "Following their bull market signal of Monday before last, the Dow-Jones averages of industrial and railroad stocks have made only a little net progress. Last week they lost a little ground. No indication of any sort, either bullish or bearish, was given."

* * *

The Financial World, New York—"Under the circumstances the indicated course for investors is the retention of good stocks, with additional acquisitions warranted when attractive individual situations are uncovered, or when reactions in the general list make advantageously situated issues available at significant discounts from recent levels. While there is no indication of an immediate hardening of money rates, with its concomitant adverse effect on the highest grade bonds and preferreds, securities of this type have little to recommend them at this time for either new or replacement purchases."

* * *

The Annalist, New York — "The major critical point in the stock market position, from a technical standpoint, is the supply level that lies a short distance above current price. The point at which prices of stocks stopped advancing last November and March probably cannot be penetrated unless the market is able to absorb a fairly substantial supply of stock.

"So far as domestic conditions are concerned, it would appear that the probabilities are reasonably favorable to prices getting up to new high levels before the end of the year. With business continuing to improve, with earnings expanding and with bond prices still rising, there is a sound fundamental basis for a further advance in common stock prices. Needless to say, however, unfavorable development in Europe would not only prevent a further advance, but probably cause a substantial reaction."

* * *

The Magazine of Wall Street, New York—"There are several alternative decisions that can be intelligently arrived at by the potential buyer of stocks. He can elect to sit on the fence until convinced there will be no European war, or major crisis, this year—in which case he may not get the assurance he wants until autumn or even later. Meanwhile there is the possibility that accumulated lessening of European fear and increasing speculative enthusiasm will convert what has so far been a relatively healthy advance into a disorderly scramble for stocks. Or, he can elect to buy stocks with willingness to carry them through any decline which adverse foreign news might induce. Or, thirdly, he can decide to buy now, but with reasonably close stop-loss protection against the contingency that reaction could develop out of a turn for the worse in the present European outlook, or, for that matter, out of disappointment relating to the mere turn in domestic business trends. The latter alternative appeals to us, for, in what is still less than a 100% bullish picture either for Europe or for American recovery, an essentially speculative action may well be the most conservative approach, even for buyers who regard themselves as investors."

Bell Telephone Co. Sells Bond Issue

Bought by Four American and Eight Canadian Institutions

From Our Own Correspondent

MONTREAL.—Sale of the Bell Telephone Co. $25 millions refunding issue of 3¼% bonds has been completed, according to an announcement by C. F. Sise, president. The issue was purchased by four American and eight Canadian financial institutions for their own investment account. No public offering will be made.

The new bonds are dated Aug. 1, 1939 and mature Aug. 1, 1964. They are payable in Canadian funds only. They are redeemable until Feb. 1, 1954 at 106; thereafter until Feb. 1, 1958 at 103; and thereafter until Feb. 1, 1964, at 101.

Used for Redemption

Proceeds of the issue will be used in the redemption of $30 millions of the company's Series A 5% bonds, due March 1, 1955, on March 1 next. The redemption price is 105.

Payment has been made for the refunding issue in United States funds at a price of 102, or $25.5 millions for the entire issue. The company has borrowed from its bankers $3 millions at 2¾% for a period of one year, with the option of extending the loan to Aug. 1, 1947, at the same rate of interest. It is also providing $3 millions from its treasury which, together with the proceeds of the bond issue and the bank loan, provides the necessary $31.5 millions required to redeem the Series A bonds.

Galt Brass Co. Pays Half Year's Interest

An interest payment of 2½% on its outstanding 5% first mortgage bonds has been made by Galt Brass Co. A previous payment was made on Feb. 1 of this year.

By reorganization in 1935, the former 7½% bonds were changed for the same principal amount of 5% bonds and one share of common stock for each $100 of bonds. Interest on the new bonds is payable only if earned until Feb. 1, 1940, after which it becomes a fixed charge.

Neon Products Investment To Pay 25 Cents a Share

Neon Products Investment Corp., which controls Neon Products of Western Canada, has declared a dividend of 25 cents a share on its common stock. Payment will be made Aug. 11, 1939, to shareholders of record July 27. A similar payment was made Dec. 20, 1938.

Sales of G. Tamblyn Ltd. Continue at Higher Level

G. Tamblyn Ltd., drugstore chain operator, reports sales for the second quarter and first six months of 1938 higher than for the corresponding period a year ago. Although profits for the half year are above last year's level the three months just ended showed a small decline.

Comparative figures for the three months and half year follow:

Second Quarter	1939 $	1938 $
Sales	852,424	842,028
Profits	20,422	21,858
First Six Months	$	$
Sales	1,749,888	1,690,937
Profits	43,600	42,905

Loblaw Groceterias Inc. Pays 20c on Common

Loblaw Groceterias, Inc., paid an initial dividend on its new common stock of 20 cents a share on June 1, 1939. A second payment of 20 cents is to be made Sept. 1 to stock of record Aug. 15. This stock was issued following the reorganization approved on Feb. 3 of this year. Loblaw Groceterias Co. owns 37,944 shares, equal to 11% of the total issued capital stock of the U. S. concern.

Cons. Gas Co. Earnings Hold

Gas Output Down 1% — Sales of Appliances Up

Final earnings results for the Consumers' Gas Co. of Toronto for the year which ends Sept. 30, 1939, are expected to be materially the same as those of the 1938 year, judging from results from nine months' operations.

Repairs and renewals in the present year have been less than a year ago, it is understood. Output of gas is about 1% below last year, but this is considered favorable in view of the business level, together with the fact that demand from industrial consumers fluctuates in line with general conditions.

Appliance Sales Up

Sales of appliances have shown marked improvement recently. Gains averaging 38% have been shown in the last four months when compared with the corresponding months of 1938. This has more than offset the decrease of the earlier months of this year with the result that the gain for the year to date is about 12%.

In the year ended Sept. 30, 1938, Consumers' Gas had a balance of $864,502 left out of the year's earnings after payment of dividends. To make up the statutory requirements for appropriation for plants and building renewal fund, $202,141 was transferred from general reserves. Actual repairs for that year required $639,148, more than $200,000 less than the amount available for the purpose out of current earnings.

Net profit for 1938 was equivalent to $11.55 a share before allowing for the transfer to plant and building renewal fund, or $8.32 a share after this transfer. Regular dividends of $10 a share annually have been paid each year since 1874.

July Shows Gain In New Building

Maintains Advance Recorded for the Year to Date

New building activity in Canada during July showed a modest advance over the same month last year. As a result, volume for the year to date compares with the same period of 1938 on virtually the same basis as at end of June.

As compiled by MacLean Building Reports, construction contracts awarded in the first seven months of 1939 amounted to $105,575,600, a gain of 3.6% over the January-July figure of $101.8 millions in 1938. At the end of June, 1939, cumulative increase over the first half of last year was 3.4%.

In the seven-month comparison, the slight gain recorded was contributed entirely by Ontario and Quebec, totals for which showed increases of 19% and 4% respectively, while totals for other provinces showed declines.

The July contract total is reported at $22.1 millions, an increase of 4.5% over July, 1938, but reflecting a contra-seasonal decline of 12% under June of this year.

Major projects contributing to the July figure included a $1.4 million programme of road work in New Brunswick, a $500,000 dam at Black River, N.S., and road contracts totalling $480,000 in Ontario.

REMINGTON-RAND DIVIDEND

Remington-Rand Inc. is paying a common stock dividend of 20 cents a share on Oct. 2, 1939, to shareholders of record Sept. 11. A similar payment was made on July 1 of this year.

50-50 Bond-Stock Split Withstands 14-Year Test

Fourteen years ago now, Barron's, an American financial weekly, ran a contest to discover the best portfolios in which a young widow with two children could invest an estate of $100,000. At various times since then, the results of these theoretical investments have been worked out and published.

Recently Barron's has again brought out the figures for market values and annual income of these prize-winning portfolios up to date. Of course, in the interval, many changes which the originators of these portfolios could not have foreseen have taken place. And they were also handicapped in that no changes have been permitted—in other words, management has been eliminated.

The calculations for the last few years, therefore, have brought in some factors that might not have been in the original authors' minds at all. Many bond issues have been called or refunded. Others have defaulted. To a lesser extent, the stocks selected in 1925 have also suffered from the same economic changes.

Rails Favored in 1925

The judges who picked the winners in the 1935 contest, selected the portfolios submitted by Messrs. Van Riper, Brundage, and Brown as the best. These men offered lists that were approximately 60% in bonds and 40% in stocks. Because railroad bonds and stocks were popular in 1925, many of these securities were included by contestants. This has not proved a wise choice in the light of what has happened in the intervening 14 years.

Two lists submitted by Shaw and Howe have come through the period most successfully. These were approximately equally divided between bonds and stocks. Mr. Howe, for example, chose $30,000 of 4½% U. S. Liberty bonds for the major part of his bond portfolio. As a result his bond holdings are even now worth $2,500 more than original cost in spite of an almost complete loss in some Chile bonds which he advised.

Mr. Shaw's list of 17 common stocks included only two rails and two electric utilities. He shows large profits on such stocks as du Pont, Union Carbide & Carbon, Allied Chemical, and General Electric.

Preferreds Poor Showing

A list worthy of mention is the Bartholomew portfolio which included only preferred stocks. Experience with this list has been disastrous. Out of 11 preferred stocks yielding between 6.19% and 7.84% in 1925, two have since been retired and only one of the remaining nine is still paying dividends.

The figures summarizing the results from these six portfolios follow. Dates used by Barron's show values when the lists were compiled; approximately the high of the 1929 market boom; the approximate low of the depression in 1932; the peak of the recovery in 1937; and the present. For the annual income figures, approximately the same periods are used.

Portfolio By:	Market Value: Original 1925 $	July 30 1929 $	July 22 1932 $	Mar. 6 1937 $	July 22 1939 $	Income: Original 1925 $	1929 $	1933 $	Yr. end July 22 1939 $
Van Riper:									
Bonds	57,994	54,556	48,875	64,819	56,137	2,675	2,675	2,500	2,034
Stocks	39,222	78,187	11,427	37,833	25,179	2,190	3,096	826	918
	97,216	136,743	60,302	102,752	81,316	4,865	5,771	3,326	2,952
Brundage:									
Bonds	59,777	61,927	47,335	54,798	44,022	3,155	3,155	2,484	1,474
Stocks	39,706	103,232	18,152	67,286	41,316	2,140	3,681	1,176	1,504
	99,483	165,159	65,487	122,084	85,338	5,295	6,836	3,660	2,978
Brown:									
Bonds	64,620	66,521	58,285	67,904	64,260	3,465	3,465	3,200	2,568
Stocks	33,025	80,448	10,976	49,212	32,041	1,855	4,071	616	944
	97,645	146,969	69,251	117,116	96,301	5,320	7,536	3,816	3,512
Shaw:									
Bonds	49,110	49,800	40,015	44,852	41,980	2,655	2,655	2,008	1,560
Stocks	50,825	171,203	27,550	109,914	81,525	2,500	7,333	2,054	2,756
	99,935	221,003	67,565	154,766	124,505	5,155	9,988	4,062	4,316
Howe:									
Bonds	50,040	49,409	45,897	48,797	52,567	2,494	2,495	2,165	1,761
Stocks	49,960	151,256	25,578	99,782	68,806	2,539	5,823	2,006	2,432
	100,000	200,665	71,475	148,579	121,373	5,033	8,318	4,171	4,193
Bartholomew:									
Pfd. stocks.	99,420	106,305	40,162	56,840	43,047	7,200	7,239	2,846	1,371

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg. mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-38:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1939:												
Jan.	129.4	16.9	79.1	173.5	52.9	172.9	126.9	133.3	57.5	85.2	42.7	102.9
Feb.	129.4	16.4	77.6	175.9	54.3	175.3	130.4	133.6	58.2	85.3	42.9	104.1
Mar.	126.6	15.1	79.8	173.9	57.2	172.5	127.6	132.9	62.0	85.1	44.4	103.7
Apr.	111.1	11.5	71.4	162.9	53.1	169.2	116.9	119.3	58.9	83.7	41.9	96.2
May	112.5	12.0	78.9	170.2	55.0	176.3	120.4	124.6	60.8	84.7	43.2	99.2
June	114.2	12.4	77.4	153.2	56.2	179.2	124.7	128.8	60.8	85.0	43.7	97.0
Weekly Figures:												
July 6 ..	112.8	11.3	72.5	149.0	56.4	180.4	122.6	123.7	58.3	84.8	42.1	94.0
July 13 ..	115.5	11.5	75.4	154.3	57.5	181.1	123.6	126.5	58.8	85.2	42.3	95.9
July 20 ..	118.9	12.1	75.2	156.6	59.5	182.3	125.4	130.3	59.2	85.1	42.8	98.0
July 27 ..	119.5	13.1	75.3	155.5	60.8	183.2	126.0	131.0	59.8	84.8	43.0	98.5

*High and low for year from 1929 to 1938 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
Aug. 1	113.24	121.97	89.85	28.81
July 31	113.36	122.12	90.04	28.84
July 29	113.55	122.62	89.96	29.10
July 28	113.65	122.31	90.18	29.21
July 27	113.35	122.38	90.03	28.74
July 26	113.71	122.87	90.38	28.95
Month ago ..	108.49	116.96	83.45	27.80
Year ago ...	124.96	126.02	96.26	36.26
High, 1939 ..	125.92	128.95	101.27	45.00
Low, 1939 ...	102.52	109.85	80.75	27.66

Montreal Stock Exchange Averages

	10 Util.	20 Ind.	30 Cbd.	10 Pprs.	15 Golds
Aug. 1	67.0	73.3	81.2	74.66	111.96
July 31	67.2	73.9	71.7	74.93	112.13
July 29	66.8	74.2	71.8	77.37	111.95
July 28	67.2	74.2	71.9	76.81	112.73
July 27 ...	67.6	73.9	71.8	78.57	112.51
July 26	67.3	73.9	71.7	79.10	112.71
Month ago .	65.1	69.6	68.1	66.71	108.00
Year ago ..	66.0	87.1	80.1	134.62	127.25
High, 1939 ..	70.1	85.0	79.1	119.77	126.48
Low, 1939 ..	60.4	66.5	65.4	62.09	103.86

Nova Scotia Steel and Coal Company, Limited

3½% First Mortgage Bonds

Due January 2nd, 1963

Nova Scotia Steel and Coal Company, Limited has leased its ore mines to Dominion Steel and Coal Corporation, Limited on a rental basis sufficient to pay interest charges and retire the entire issue by maturity.

The rentals of not less than $225,000 per annum are an operating charge of Dominion Steel and Coal Corporation, Limited, which reported operating earnings of $3,009,311 in 1938, or more than 13 times the rental requirements.

Price: 85.50 and interest, to yield 4.50%

Additional Bond offerings, also a review of Canadian business conditions, forwarded upon request.

Wood, Gundy & Company Limited

Toronto Winnipeg Montreal Ottawa Vancouver London, Eng. Hamilton London, Ont

N. Y. Trader Sets Forth Credo of Bright Outlook

By R. A. McEACHERN
Staff Writer, The Financial Post

NEW YORK.—War will not result from present problems in Europe.

Business and the stock market will show a steady rise into a real boom.

American business is fed up with party politics, but unless Vice-President Garner runs as Democratic leader, there is little doubt about a Republican victory.

Those three points were made to The Financial Post by a dominant figure in American stock market activity and head of one of Wall Street's largest brokerage houses. They are interesting because they represent the three points in the new credo that is gaining adherents in the financial district.

This man said:

"All my contacts in Europe agree that we won't have the war everyone has been expecting.

Plan Worked Out

"Hitler will get Danzig quietly. After that, something will be arranged whereby both Germany and Italy will be looked after as regards colonies. There will be lots of big talk from the diplomats and lots of fake plays, but I am assured that none of these issues will lead to war. I am told that the whole plan has been worked out already for cleaning up the whole situation, no matter what the leaders are saying and doing.

"The nations are wise to Japan's game and as soon as Europe is straightened away, England will slap her down.

"Markets don't go straight up very far, but there are many things which point to much better prices over the fairly long-term outlook.

Business Outlook

"The present business situation is encouraging. In every country businessmen are champing at the bit to start buying and selling.

"By late fall, once Europe gets settled down, I think we will see a new effort to re-start world trade on a tremendous scale. Every nation wants it; needs it badly. Nearly every country is in position to benefit."

Prospect for Stocks

Asked what type of stocks would be expected to give the best performance in coming months, the Wall Streeter replied:

"Well, not rails. We have another five years' work at least to get our railways in order. I favor first the consumer stocks and second, a selection of the capital goods issues.

"Perhaps the best indication of what may happen on the market is this: quite a number of our clients have their own investigators going around the country making first hand studies and surveys of industries as a guide to investment—how the little fellow, the merchant and manufacturer in towns and smaller cities, likes this or that product, how he feels about so and so.

"The thing that interests me about the buy and sell orders of these clients recently is this: Instead of taking on 10,000 or 50,000 Chrysler, Steel, General Motors or others in the big, leading performer class, these men are now putting in orders as long as your arm."

Buying Across the Board

He referred to a typical order of this type covering a list of 47 stocks for 100, 200, or 300 shares of each. He continued:

"These men are buying all across the board, and most of them are willing to buy on a rising market. I think that is very significant. The stocks of goods of the little fellows in the towns and villages are terribly low. If a peaceful solution for Europe is soon evident, then decisive and early improvement in business generally will follow."

"Is a defeat for Roosevelt necessary for this boom you anticipate?" I asked.

"Not at all," my informant declared at once. He can't do much harm with Congress so strongly against him. Business follows business, less than politics, contrary to the theory that has gained increasing credence in recent years.

Confidence in Garner

"Of course, if Jack Garner would consent to head the Democrats, there might be a different story—very different. Garner has never for a minute lost the confidence of business. He is solid, sane, honest and wonderful in his ability to get things done the quiet way and get along with people.

"The Roosevelt episode is really a tragedy. Roosevelt went in with the almost unanimous support of Business. He had the best platform ever offered the American people. It should have been adopted as a model for all parties.

"But then he started doing the opposite to what his platform had promised. You know the rest. Four or five of our leading businessmen still profess to play along with Roosevelt. If you look behind the scenery you will find every one of these big fellows is selling something to the government; has contracts to protect; or new contracts to get.

Vandenberg Lauded

"But business is getting fed up with party politics. What we want is efficient, intelligent government. For the Republican leadership, Senator Vandenberg is by far the best man available. But he's almost too honest for politics. Vandenberg is the sort of man who tells you 'yes' or 'no' and you don't need to write him a letter about it. I'm afraid he's too good to get the nomination."

Asked if a so-called "good" stock market is possible under strictures of the S.E.C. he replied with an unhesitating affirmative.

"The S.E.C. is definitely a step in the right direction. As always when the government starts in to run something it makes mistakes, doesn't know enough about the business in question. It makes too many rules and regulations. Not content with doing its very proper and useful job as traffic policeman, it tries to get in and drive every car that comes along.

"It was just the same with the Inter-State Commerce Commission. When that was started, government officials were almost trying to climb into locomotives and pull the throttle. Now after these many years the government has found its proper function and a lot of my friends who are in the railroads confess they couldn't get along without the Inter-State Commerce Commission.

"The S.E.C. will gradually get rid of some of its fool regulations, based on complete misunderstanding of how trading in stocks operates. Then it will serve only its useful and necessary functions as policeman."

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Bond Markets

Province of Quebec's Loan Oversubscribed

New Bonds Not Liable for Quebec Succession Duties When Held by Non-resident — General Market Is Inactive

Province of Quebec's long awaited offering of $30 millions of bonds in the United States was a marked success, the offering being immediately oversubscribed.

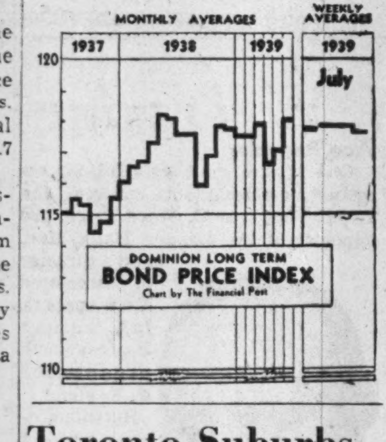
Success of the offering reflects the large volume of funds seeking investment in the United States. Because of this factor it is not difficult for a creditworthy borrower to secure funds in U.S. at a favorable rate.

Another reason is the scarcity of new Canadian bond issues payable in U.S. funds. Canadian governments—Dominion, provincial and municipal—and Canadian corporations were for years large borrowers in the U.S. market. In recent years, however, financing by Canadian governments and corporations in U.S. has been limited. New financing has been done in the Canadian market and the amount of Canadian bonds payable in U.S. funds has been reduced substantially through refunding operations.

The offering consisted of $20 millions of 3% serial bonds due 1940-59, offered at various prices to yield from 0.75% to 3.30%, and $10 millions of 14-year 3¼% bonds offered at par. Both issues are payable in U.S. or Canadian funds at the option of the holder.

Few Serial Issues

A development of interest is the issuance of serial bonds by the Province of Quebec. That province usually issues sinking fund bonds. In fact, it has only one other serial issue outstanding, that being $7.7 millions of 4% bonds due 1944-54.



Another feature is that both issues of bonds, when held by non-residents of Canada, are free from any taxes presently imposed by the Dominion and Quebec governments. The significance of this is that they are not liable for succession duties imposed by Quebec when held by a non-resident of Canada.

* * *

The Market Trend

The Canadian bond market during the past week has been generally inactive. Price changes were narrow and for the most part prices of high-grade bonds were firm.

Due to the success of the Province of Quebec offering in New York there was some price improvement in Quebec domestic issues.

Western provincial bonds were generally quiet and prices were largely unchanged.

In the municipal bond field there was considerable activity, a number of municipal issues being sold. Demand for bonds of credit-worthy municipalities continues good. Many municipal issues carrying low interest rates are selling at a premium.

* * *

Bond Index

DOMINION OF CANADA
Long-term Bond Index

	Latest week	Preceding week	Weekly average year ago
Price	117.9	118.0	117.0
Yield	60.2	59.9	63.7

Bond Tenders

5 p.m., Aug. 5. Mun. Parish of Saint Joseph De La Riviere-Des-Prairies, P.Q.—$22,000, 4½%, dated May 1, 1939, redeemable serially 1940 to 1961. Louis J. Pare, sec.-treas.

5 p.m., Aug. 7, Victoriaville, P.Q.—$11,000, 3½%, dated July 1, 1939, redeemable in series from July 1, 1940, to July 1, 1949. Philippe Marchand, clerk.

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad., $1.75. Three insertions for the price of two. Add five words when box number is required. Classified ads. payable in advance.

Executive

Former Bank Manager, later Secretary-Treasurer, Financial Executive and Accountant of business which from modest beginning enjoyed Bank Credit of one hundred thousand when sold few years ago. Had valuable experience munition's period. Salary secondary consideration. Would welcome interview with principals of small concern having future. Box 170, The Financial Post, Toronto.

Capital Wanted

ADDITIONAL CAPITAL REQUIRED for expansion. Long established business showing continually increasing turnover—closest investigation invited—adequate return assured—Box No. 172, The Financial Post, Toronto.

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Toronto Suburbs Get Cheap Funds

New Toronto and North York Aided in Refunding

Reflecting further aid by the Ontario Department of Municipal Affairs to municipalities seeking to reduce interest charges, Hon. Eric Cross, the minister, has announced that New Toronto and North York township have completed the sale of debentures at low rates. This will mean large savings for the municipalities concerned, Mr. Cross said.

In the case of New Toronto the sale of $500,000 of 12-year serial debentures at a yield rate of 3¼% has been negotiated. The issue is for the purpose of refunding and represents an estimated saving of $40,000 during the term of the plan.

The New Toronto issue is being handled by J. L. Graham & Co. and Burns Bros. & Denton, Toronto, who are expected to make a public offering shortly. The town has called the $500,000 of 4½% debentures, issued as part of the refinancing plan, for redemption on Oct. 16, 1939, at 100.

New Toronto is stated to have bettered its position this year. Current tax collections to July 1 were $266,737 against an estimated collection of $260,986 and arrears collections for the same period were $33,889 compared with budget estimates of $33,750. The town has paid off $78,609 interest and principal of a bank loan, repaid $43,470 of Housing Commission loans, prepaid its county levy and invested a surplus of $19,434 so far this year.

North York Sale

Sale is also announced of $100,000 of floating indebtedness debentures for the township of North York on a 5-year serial term basis at a yield of 3.45%, representing a saving of 1.05% in interest over what was formerly paid. Both issues are callable at par in the reverse order of maturity. This issue has been placed privately by Lamont & Co., Toronto.

The two municipalities are under direct supervision of the department. Mr. Cross thought it significant that municipalities which not long ago were in default were able to obtain financing at such favorable terms.

Industrial Transactions Increase at Montreal

From Our Own Correspondent

MONTREAL.—Volume of industrial transactions during July on the Montreal Stock Exchange and the Montreal Curb Market increased slightly over June, while trading in mining shares declined.

A total of 378,023 industrial shares changed hands in July. This compares with 275,949 shares in June and 1,106,682 shares in July, 1938. Transactions on the mining sections accounted for 874,043 shares as compared with 1,018,110 shares in the previous month and 1,695,607 shares in July last year.

Total turnover was 1,252,066 shares as against 1,394,059 shares in June and 2,802,289 shares in July a year ago.

Shipments of Cement Increased During May

From Our Own Correspondent

MONTREAL.—Shipments of Portland cement by Canadian producers in May amounted to 550,890 barrels. This compares with 273,969 barrels in April and 545,310 barrels in May, 1938.

During the five months ended May 30, a total of 1,267,776 bbls. were shipped. This represents a decrease of 10.6% as compared with the same period of last year.

Treasury Bills

The Dominion sold $25 millions of treasury bills on July 31 at 99.85667, a cost basis of .569%. Last previous sale was two weeks earlier at a cost of 0.564%.

Wide Prospect Faces Aircraft Manufacturers

Development of Industry Encouraged by British Orders

PROBLEMS PERSIST

From Our Own Correspondent

OTTAWA.—Recent developments involving the British War Office, the Canadian defense department and Canadian manufacturers appear hopeful signs on the horizon of Canada's immature aircraft industry. That horizon admittedly is still obscured by a measure of secrecy, perhaps uncertainty on the part of Great Britain. But it is becoming increasingly clear that the British Government, far from withdrawing its support is prepared to extend it.

Definite information with regard to British orders for Canadian-made aircraft is not available. Guesses on early plane contracts have ranged all the way from $50 millions to $100 millions. It is probable that both figures will be found too high.

In the meantime, prospects are materializing that production may be initiated in Canada of aircraft and other war supplies for the French Government. Already reports are current that National Steel Car Corp has reached final stages of negotiations to produce 140 French bombing planes, and one or two other Canadian firms are believed in line for orders from the same source. The National Steel Car order, if awarded, would likely amount to about $14 millions.

Joint Orders

British orders depend to a much larger extent than is generally realized on the Canadian Government's own plans. Britain's primary object is still the establishment in Canada of a potential source of supply. To further this end it is probable she will dovetail her orders with those of the Canadian Government in filling its own aircraft requirements in Canada. This would be a logical policy if the chief aim were to build up efficiency and reduce cost of production.

"If, as and when orders" are undoubtedly available to Canada from the British air ministry. The "if" is still predicated on the ability of the Canadian plants to make good. The British Government has launched a major industrial research project in Canada on which it is willing to spend much so long as the goal—an efficient and sure secondary source of supply—can be seen ahead. So far, the British Government is said to be well satisfied with the progress made by Canadian manufacturers on the initial order of about $10 millions, though after nearly a year's preparation, the enterprise is still very much in the preliminary stage.

Types of Production

The aircraft manufacturing experiment in Canada can be divided into two distinct classes:

1. The mass production experiment represented by Canadian Associated Aircraft Ltd. and its six affiliated firms.

2. Aircraft production by the older and slower method of completing one plane at a time, now being followed in nine individual Canadian plants.

It is in this second class of manufacture that new British orders may be placed soon to stimulate the industry. It is understood that such a possibility is being studied carefully by a section of the Canadian Manufacturers' Association and that conferences are being held with regard to both this and other lines of armament.

Mission to England

Such conferences are not only being held with potential arms manufacturers and Canadian Government officials, but have now been extended to establish direct contact with British Government authorities and British manufacturers, particularly those in industries related to arms production. A delegation of C. M. A. officials, manufacturers, and Ottawa technical experts, is now in England with Canadian Government encouragement.

Purpose of this mission is to lay the foundation for development, on a long-term basis, of potential sources in Canada of defense supplies for Great Britain in time of emergency. While it is not the immediate aim of the delegation to obtain the trial and development orders necessary for such a programme, it is believed it is at least a secondary objective to crystallize current prospects for such orders. Ideally, it is felt, such orders could be placed in many cases in conjunction with Canadian orders, to meet Canada's relatively limited requirements for both immediate rearmament and preparation to obtain supplies in an emergency.

Aluminum Co. Plans

The more tangible and perhaps more significant development of the past few weeks hangs on the recent announcement of expansion plans by the Aluminum Co. of Canada.

The new Kingston plant, which incidentally was in the course of construction before any official announcement was made, will be tied definitely, it is understood, with the aircraft industry. Heretofore, bars, sheets and tubes have been imported by plane manufacturers and recently aircraft plants both in Canada and elsewhere have been handicapped by uncertainty of supply. The new plant, it is believed, will turn out semi-finished material for use in plane construction.

Reports that a substantial amount of British capital is involved in the Aluminum Co. plans are still unconfirmed though there has been no attempt either in Ottawa or Montreal to deny them. The figure of $13.5 millions is generally accepted as being approximately correct. Whether this is in the form of loans to the Canadian company, British orders, or both is not known.

Twofold Significance

In any event, if the report is true, it is logical to assume a twofold significance:

1. Evidence of Britain's desire to assure in Canada continuity of aluminum supply for her own plane manufacturing needs.

2. Confidence by Great Britain that an aircraft industry can and will be established on a permanent basis in Canada. In some quarters it is believed that the establishment of the new aluminum plant in Canada has in fact definitely rooted aircraft production in this country.

Canadian Delay

As to Canada's own programme of military aircraft purchases, orders for many of the machines in the 1939-40 schedule have already been placed, mostly in Great Britain. It is understood, however, that a substantial volume of orders is still pending. Canadian manufacturers are afraid that the defense department, anxious to get its planes, is placing orders outside Canada which could be given to the Canadian industry.

One aircraft manufacturer who has been negotiating a contract since the beginning of the year has estimated that 1.5 million man hours have been lost through the Government's dilly-dallying. Perhaps more important, however, the Government is blocking its own way to establishing in co-operation with Britain a quick source of supply in case of emergency.

Limited Progress

Canada's long-term programme for building up our air force (begun in 1936) involves a gross outlay of $30-$35 millions, it was indicated by the data given by Defense Minister Mackenzie in presenting his department's 1939-40 budget earlier this year. But up to last spring only a third ($10.2 millions) had been spent, or earmarked, for delivery payments. And the 1939-40 appropriation adds only another $8 millions, to be spent over the next two years as deliveries are made.

The last figure covers equipment for the permanent and non-permanent air forces, but not the 76 planes (costing over $2 millions) to be ordered for the British-Canadian joint pilot-training scheme.

Of the 107 planes to be obtained for the $8 millions expenditure, the only officially announced order to a Canadian firm was that for 27 training machines to Fleet Aircraft. Some bombing and fighting craft are understood to have been ordered already from British sources, and some training planes from an American firm.

It was intimated by Mr. Mackenzie that the bulk of the 107 planes on the schedule were to be obtained from Canadian sources, but as far as can be definitely ascertained these Canadian orders have not been placed, aside from the Fleet item.

Canada's Aircraft Strength

It is worth noting that even if such orders had been placed immediately after Parliament passed this year's defense appropriation, final deliveries would not likely be completed until the spring or summer of 1941. And even then, the apparent strength of the air force would only be 357 planes, or about two thirds of the defense department's avowed objective of 527 machines.

This apparent strength figure makes no allowance, however, for writing off obsolete and damaged planes in the 1940-41 fiscal year. If this deduction should be the same as the announced write-off for 1939-40, totalling 69 planes, the net strength of the air force would be 288 machines. The current net strength is calculated at 250, allowing for this year's write-offs and completion of deliveries this year on orders prior to last spring.

Need 250 More Planes

The 1939 net does not take in the 25 or 30 planes slated to be ordered this year for delivery by next spring, and the 1941 net does not cover such additional orders as may be authorized for the 1940-41 fiscal year. But however one reads the figures, it is evident that Canada needs from 250 to 300 more planes to reach its set objective of 527 machines. And Ottawa has ordered in Canada relatively few of the 100-odd the purchase of which was authorized this year toward reducing this deficiency.

The delay may have been partly due, of course, to the time taken to set up the Defense Purchasing Board, and the further time necessary for the board to organize its operations and begin the process of actually awarding orders. Some of the delayed orders for air force planes to come from Canadian plants may be in process of study now.

Types To Be Ordered

In any event, many of the machines slated to be bought this year for the air force, and probably all or most of the planes for the pilot-training scheme, are of types that could be produced in Canada. This is indicated by the breakdown given by the defense minister in his budget presentation of the 107 air force planes which his department planned to order. As tabulated by The Financial Post from the minister's statements in the House of Commons, this list is as follows:

Permanent Force

No. of planes	Type
6	Flying boats
6	Army co-operation
12	General purpose†
10	Reconnaissance†
10	General purpose▲
*28	Fighters
*18	Bombers†

†Twin engine. ▲Single engine.

*Mr. Mackenzie announced that 14 fighters and 18 twin engine bombers would be purchased abroad.

Non-Permanent

4	Advanced trainers
15	Observation.

Dependent on Britain

Since Canada's current rearmament programme began in 1936, the Dominion has spent or is committed to spend $18-$20 millions for military aircraft. But this is a mere drop in the bucket when it comes to establishing an industry on the basis now contemplated in Canada. It is admitted that if Canada is to manufacture aircraft it must remain for years primarily dependent on British capital and British Government orders.

British orders, particularly if they parallel closely those of the Canadian Government, can place the industry on a firm and perhaps profitable basis. Here again the chief fear of the companies at the moment is the effect of Canada's limitation of profits to 5% of the capital used for orders awarded without competitive tender.

This armament regulation is likely to hit the airplane industry more severely than any other war material manufacturer. It is understood, however, that plans are already being studied to get around the limitation.

Valuable Experience

While the British Government is very definitely interested in the activities of the individual Canadian companies, the spotlight is still focused on its main industrial experiment launched as the result of the Air Mission last year. It may be a year or more before Canadian Associated Aircraft Ltd. turns out its first completed plane for the British Government. By that time it is not inconceivable that such a plane might be obsolete.

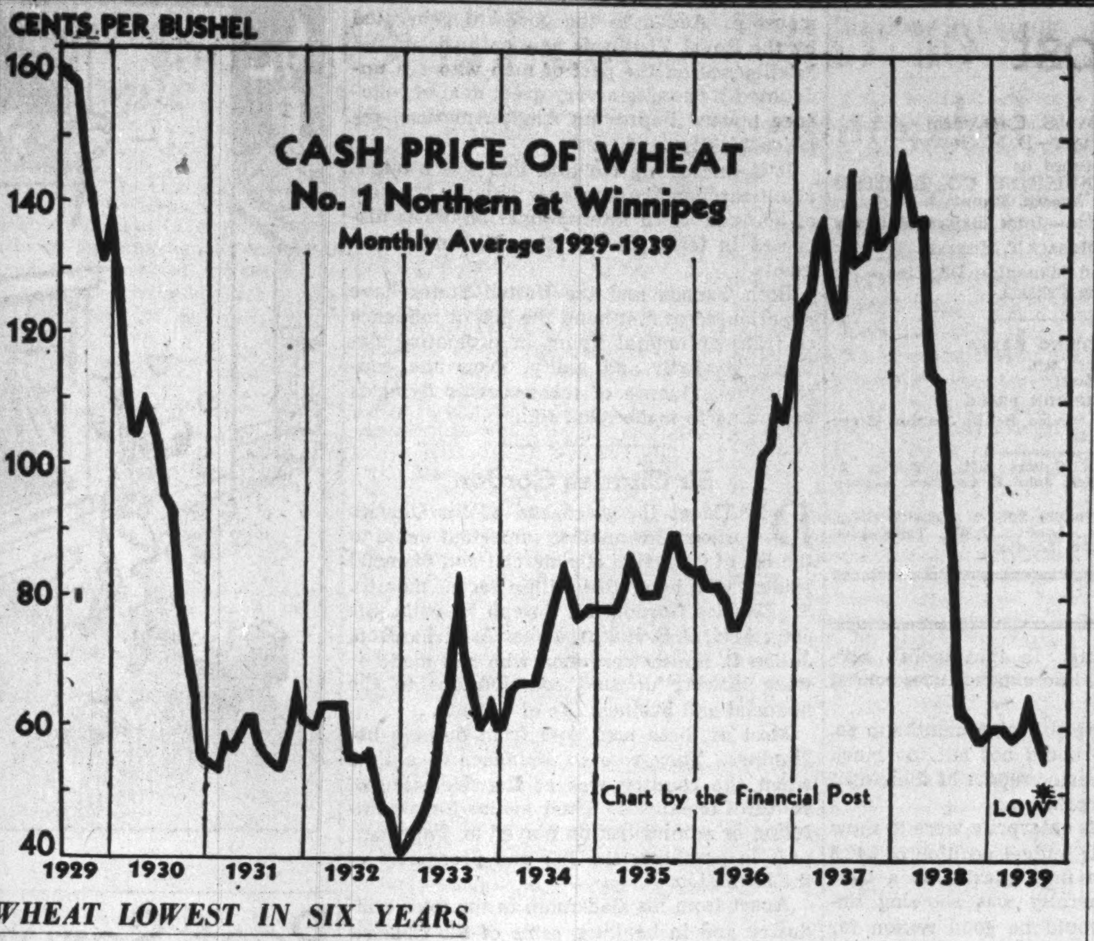
But the work, it is claimed, will be far from wasted. In experience alone the time and money will have been well spent from both the British and Canadian viewpoints. Mass production machinery will have been set up even though every jig made during the past year has to be discarded.

Operating Units Busy

Today the three operating units in Montreal district (Vickers, Canadian Car and Fairchild), and three in Ontario (National Steel Car, Fleet and Ottawa Car) are all busily engaged making jigs and tools. Latest reports indicate that it will be several months before production of parts begins.

In the meantime construction has been launched of the two central assembly plants to be operated by Associated Aircraft near Montreal and Toronto.

When output of the complete British planes starts, Canada's aircraft industry will be on the way to getting established on a new basis. Semi-skilled labor will be able to replace and supplement the specialized skilled labor necessary for the building of an airplane today. The industry will be moving to achieve two essentials of mass production, co-ordination and uniformity.



WHEAT LOWEST IN SIX YEARS

When No. 1 Northern wheat fell to 50¾ cents per bushel at Winnipeg recently, establishing an average for July of approximately 56 cents, grain prices were the lowest in six years. As shown on the chart above, the average for April, 1933, was 54 cents. The July figure compares with an average of 42 cents, reached in December, 1932, which was the low record for recent years.

At 50¾ cents the low point reached for the month or the average figure of 56 cents, No. 1 Northern was substantially below the 70 cents guaranteed farmers. If there were no recovery this would mean a loss of 14 cents a bushel to the Government on every bushel. However, there has been a slight improvement since.

Previous measures to protect farmers in recent years have included: On the 1938 crop, a guaranteed price of 80 cents a bushel on the basis of No. 1 Northern, the average price for the year being 61 cents; on the 1937 crop a guaranteed price of 87½ cents, against a yearly average of $1.31; on the 1936 crop, 87½ cents also, and a yearly average of approximately $1.23. Previous stabilization measures largely involved the purchase of grain by the Government at a fixed minimum price, to relieve the pressure on the open market.

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PITFIELD IN SEAFORTH DEAL

The report of the sale of $33,707 of 3½% 20-installment debentures by the town of Seaforth, Ont., to Harris, Ramsay & Co., at 102.39 in last week's Financial Post should have noted that W. C. Pitfield & Co. was associated with Harris, Ramsay in this purchase.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
Robt. Simpson ..	*5%	1952	Jan. 1 '40	105
Dom. Tele. Secs.	‡5½%	1978	Aug. 2	100
Dom. Textile	4½%	1955	Sept. 1	105
Ont. Pwr. of Niag. Falls	5%	1943	Aug. 15	■
Brit. Amer. Oil..	•4%	1945	Sept. 1	100½
Okanagan Tel. ..	6%	1953	Sept. 1	102

*All outstanding balance. †$452,500. ‡$4,800. •$222,000. ■$125,000.

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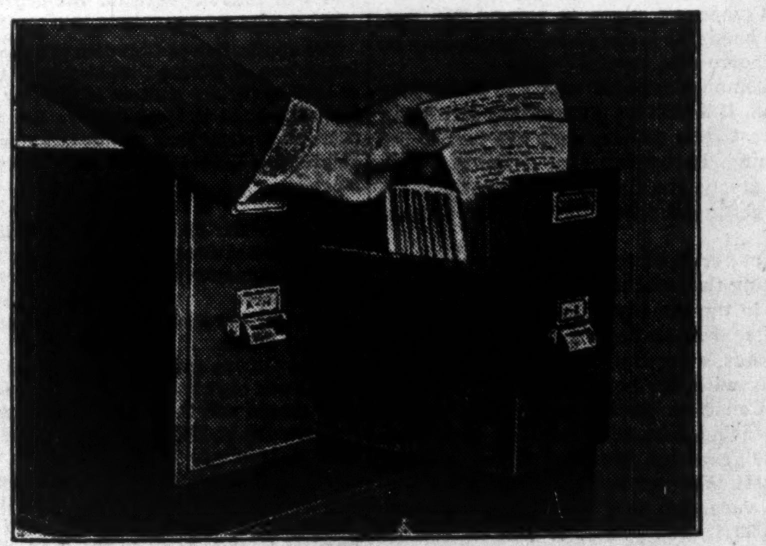

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Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Ancaster Township	July	Privately	4%	10-ins.	$2,398	.....	3%
			4%	15-ins.	2,012	.....	
Beloeil Township	July	Credit Anglo Francais	3½%	20-yr.	13,900	98.54	.....
			3½%	20-yr.	22,000	98.48	.....
Sch. Mun. Arvida, P.Q.	July	Harrison & Co., Banque Can. Nationale ..	4%	1941-50	68,000	101.21	3.86%
Dominion—							
Canada Treasury Bills	Aug.	....	....	Nov. 1 '39	25,000,000	99.856	.569%

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TORONTO, AUGUST 5, 1939

The Financial Post Editorial Platform for Canada

The duty of political leaders is to lead; to give direction to public opinion; to act with courage in matters of public policy; to combat inertia in the conduct of the nation's business.

The Financial Post stands for LEADERSHIP of this kind in Canada.

Such leadership is essential to preserve our free and democratic institutions. It is urgently needed, now, in Canada, in order to:

1. *Eliminate waste in public business.*
2. *Put idle resources of manpower and materials to work.*
3. *Maintain financial integrity in meeting public and private obligations.*
4. *Promote a spirit of national unity in place of conflicting sectional loyalties.*
5. *More efficiently organize Canada's trade.*

Remaining Aloof

ANNOUNCING that a delegation of Canadian manufacturers would sail to England to obtain new war contracts for Canadian industry, Prime Minister King reiterated his Government's desire to remain aloof from any direct negotiations for the manufacture of munitions in this country.

Isn't it about time Mr. King stopped talking "aloofness"?

We are already two to three years late in sending this delegation to Britain. Delay has been due largely to the lack of government co-operation. Unwise and unwarranted desire on the part of the Government at Ottawa to "remain aloof" has already cost Canada millions of dollars worth of business. It has cost tens of thousands of wage-earners the opportunity for employment.

It isn't that Canadian industrialists are war-mongers. Far from it. Our participation, either direct or indirect, in this unpleasant and highly unstable business is something which most Canadian industrialists would avoid if they could.

But rearmament has become an unpleasant necessity for the democracies. In the event that a war does break out Canada would at once become an important arm of British effort. Canadian industry would have a job to do—a job that cannot be learned over night.

* * *

What is wanted and what may rightly be demanded is the active co-operation of the Canadian Government in seeing that everything is done to facilitate Canada's preparedness. At the same time the Government could greatly facilitate its own modest defense programme by seeking and obtaining co-operative orders from Britain to supplement its own limited requirements.

Unfortunately the aloofness of the Government in expressing its oneness with Britain on this vital question of Canada's position has meant not only loss of business but unpreparedness on the part of Canadian industry. It has meant confusion, misunderstanding and misinterpretation of the true facts. The single constructive statement made on one occasion by Mr. King and Mr. Lapointe has been swallowed up by earlier and subsequent hesitancy; by too much emphasis on the things Canada WON'T do.

* * * *

The C. M. A. delegation hopes to counteract some of this misunderstanding. It hopes to persuade Britain of our ability and our willingness to participate and co-operate. It hopes to dispel fears of Canadian aloofness in the possible final emergency of world war and to persuade a responsible British delegation to visit Canada at once.

If these hopes are to materialize it is nonsense to talk about aloofness. One essential link in the C. M. A. plan is the obtaining of co-operative orders jointly from Canadian and British governments. This is considered the most economic and efficient way of handling the problem, especially from the viewpoint of Canada's own defense programme.

How could Canada remain aloof and negotiate this type of contract?

Canada cannot remain aloof. Canadians do not wish her to do so.

For the Prime Minister to harp on this merely keeps alive unwarranted suspicion and mistrust on the part of Britain. It gives added comfort to the King's enemies.

Selling Canada Short

MIDSUMMER business in Canada, says the Bank of Montreal newsletter, shows remarkable stability. Favorable points cited include "distinct signs of improvement in industrial fields, a rising export trade and encouraging factors in the outlook."

After telling some of this good news the bank review then prints a paragraph on the state of governmental health. It says:

> "The yield of the Federal revenues for June amounted to $31,896,000 as compared with $34,-144,000 in June, 1938, while expenditures, ordinary, capital and special, totalled $48,971,000 as compared with $33,915,000.
>
> "For the first quarter of the current fiscal year ended June 30, the aggregate revenues totalled $167,244,000 as compared with $179,-518,000, a decline of roughly $12,250,000, while the aggregate expenditures were $128,189,000, as compared with $98,113,000, an increase of about $30,000,000.
>
> "Accordingly, at the end of the first quarter, the budget position had deteriorated to the extent of about $42,500,000."

Not much sign of encouragement there, surely?

Revenues for the first quarter are down nearly 7%. Expenditures are higher by 30%. In June alone, the trend is even more arresting and discouraging. In that month revenues dropped 6% while expenditures soared no less than 44%.

Of course there are still nine months to go. Perhaps taxpayers should not put too much stock in the first quarter report of their own huge business enterprise.

But if any business enterprise were to show a deterioration in its budget position of $42.5 millions during the first quarter at a time when business generally was showing improvement there would be good reason for selling the stock of that company short.

Brightening Up Canada's Pavilion

L. S. B. SHAPIRO, in his column "Lights and Shadows of Manhattan" in the Montreal Gazette, is frankly critical of the Canadian Pavilion at the New York World's Fair. He finds the Canadian show a "bitter disappointment"; deplores its poor location; stresses the unfortunate and conspicuous absence of Ontario and the entire Canadian West in the array of exhibits. He feels the Canadian Pavilion has a definite pinch-penny atmosphere compared with other nations whose stake in the United States is far less important than that of Canada.

The one constructive suggestion made by Mr. Shapiro is that even at this late date something more might be done to "impressively display Canada's national character." He thinks that success of other nations with the restaurant idea makes it worthy of consideration by Canada. He says:

> "The French, Roumanian and Italian restaurants are considered the best but their prices are sky high. I think it would be a neat stroke of tourist showmanship to show visitors that Canada serves food with European overtones at modest prices.
>
> "This would strike a note in concert with the tourist officials who are trying to convince Americans that a visit to Canada is as glamorous as one to Europe—and much more reasonable."

Mr. Shapiro's suggestion recalls the fact that one of the few commendable features of the Canadian Pavilion at the Paris Exposition was the sale of attractive sandwiches made from Canadian bread and filled with Canadian salmon. These went like proverbial hotcakes and proved an excellent and profitable advertisement for Canada.

If such restaurant facilities are set up they could well be put in charge of genial, competent Chef Morgan, chief instructor for the Canadian National Railways system at Montreal and chef of the Royal Train during the visit of the King and Queen.

People would come far and wide for a chance of seeing in action or chatting with the King's chef.

Propaganda for the Gullible

VAPAUS, Communist paper published in Finnish at Sudbury, republishes an item from The Financial Post telling of Bell Telephone Company's plans to refund $30 millions of bonds. It is suggested that it may be able to borrow at around 3¾%.

The Communist paper wants to know why it is that, if a private corporation can lower its interest rate, governments can not do the same thing. It suggests that there is a conspiracy among the financiers to prevent taxpayers getting the benefit of lower interest rates.

The answer is, of course, that governments are getting the benefit of lower interest rates exactly in the same way that Bell Telephone and other corporations are: by redeeming their bonds, according to the terms of their contracts with the bondholders.

The Canadian government, with an interest-bearing debt $800 millions more than it had 19 years ago, is paying $5 millions less in interest. Average rate of interest on Canadian government debt in 1919-20 was 5.34%. In 1938-39 it was 3.52%. It will be further reduced during the next four years, as more bonds are refunded. The savings are greater than the Bell Telephone or other corporations can possibly enjoy.

Last year the Dominion borrowed on a 30-year issue at 3¼%. It sold 25 issues of treasury notes at an average discount of .601%.

Communist papers, circulating among foreign-born workers in Canada, deliberately spread false information in order to arouse class against class.

Flying Visits to Europe

RECENTLY a group of U. S. publishers paid a flying visit to Europe aboard the Yankee Clipper. Officially they were participating in the world's first transatlantic flight; personally their chief interest lay in getting an inside look at European war prospects.

A poll of their opinions confirms the views expressed in recent cables from Horace T. Hunter, president, MacLean Publishing Co., regarding the lessened tension in Europe. These American newspaper men were almost unanimous in their prediction "There will be no war this year."

Important also was the increased respect for England, and for British leaders which these men obtained. The fact that influential newspapermen from Texas, Louisiana, Tennessee, Minnesota and western and southern states came back with a new feeling of confidence about British leadership; that they found (to their surprise) that England was "calm but determined" is an important item on the asset side of non-aggression statesmanship. Added to the goodwill generated by the Royal Visit, this new enthusiasm and intelligence on the part of men who can undoubtedly exercise a very great deal of influence toward improving Anglo-American relationships is significant.

It is interesting too that this was brought about through the airplane. Usually the rôle of aeronautics in international affairs is discussed in terms of war strength and armaments.

Both Canada and the United States have experienced at first hand the potent influence of transcontinental flying in promoting national goodwill and amity. Now the constructive influence of trans-oceanic flying is beginning to make itself felt.

Sir Charles Gordon

DEATH at the week-end of Sir Charles Gordon adds another important name to the list of Canadian commercial and financial leaders who have died within recent months. Sir Charles Gordon, Sir Joseph Flavelle, Sir John Aird, D. B. Hanna, James A. Richardson, Julian C. Smith were men who had made or were making unusual contributions to the financial and business life of Canada.

Most of these men rose from humble beginnings. They rose to eminence at a time when the country was at the flood-tide of youthful expansion. Their genius for organization or administration played an important part in moulding the life and prosperity of the Dominion.

Apart from his leadership in the textile industry and in banking, some of Sir Charles' most important work was performed at considerable personal sacrifice during his deputy chairmanship of the Imperial Munitions Board and later as Director-General of War Supplies for Great Britain at Washington. His contribution at that time typifies the zeal and service which men of his type stand always ready and willing to perform for their country.

Today—without waiting for the outbreak of war—Canada should be making much greater use of the abilities of men like Sir Charles in seeking and finding a solution to the many problems which face the nation.

Cannon Boom

STATISTICIANS estimate that twenty billion dollars will be spent in the 1939 "Cannon boom." This is two billions more than in the fantastic peak year of 1938. It is more than four times the entire national income of Canada. It is nearly 10 times more than was being spent on the eve of the Great War.

The democratic share in this ghastly expenditure is being contributed of course unwillingly, reluctantly and from force majeure.

Producing the powder to blow ourselves to hell is the grimmest, costliest lunacy in world history. Yet the greatest lunacy of all would be for us to use these armaments for our own self-destruction, once we have forged them.

The world could well afford to "write off" its armament bill if the end result of the competitive race were to be bloodless peace and goodwill. Whether such an anomaly is possible or not remains to be seen.

The answer—one way or another—cannot be long delayed.

Editorials in Brief

The executive of the Dominion Mayors Association has laid plans to "press the Federal Government for larger relief grants," etc.

Being election year their dreams will probably come true.

* * *

Should we worry about the depression any longer?

A circular we have received from the Group of Active Christians (Box 200, Station B, Hamilton) says bluntly:

> "We have decided to put an end to the depression—we are absolutely convinced that we will find the cure for the depression and that is why we are calling this conference."

The application of Christian principles and the invocation of Divine Providence in the solution of earthly ills are matters which few people are foolish enough to treat lightly. But frankly we find the protestations of this unknown group of Depression-Enders bordering closely on black magic.

* * *

Recently the Federation of Canadian Mayors and Municipalities asked the Federal Government to summon a national conference on unemployment.

It might have saved its breath—or rather its ink and paper.

What Ottawa did was to pass the unemployment buck back to the mayors and suggest that they should call the conference themselves.

There can be little objection to the holding of such a meeting. Anything which brings the maximum number of Canadians (especially Canadians in official positions) into intimate contact with the hard and bitter facts of unemployment in Canada is all to the good. What really matters, though, is what use the mayors and political leaders who attend this conference do with this information when they get it. If as little benefit accrues as was realized from the extensive studies and recommendations of the National Employment Commission the mayors will be greatly disappointed in their effort to solve Canada's Number One Problem.

Sayings of the Week . . .

"Bring your forests into worth and your young men into work."—*Captain R. St. B. Baker.*

* * *

"The Nazi system is a hoop which topples over if it stops."—*Harold Nicolson.*

* * *

"The real foundation and basis of a nation is character."—*Sir William Crawford.*

* * *

"The first obvious responsibility resting on the people is their choice of representatives."—*Earl Baldwin.*

* * *

"I come from distinguished ancestors. When I visited Westminster Abbey I found it filled with Bones."—*Jameson Bone, Mayor of Belleville.*

* * *

"In normal times Party government is the most sincere and most effective condition for the administration of public affairs."—*Marquess of Salisbury.*

* * *

"Whatever criticisms and accusations have been levelled against British rule, no one in our Empire has ever shown a wish to change that rule."—*Chairman Lord Lloyd of the British Council.*

* * *

"In these days when we hear on every side, and quite correctly, that what the nation wants is leadership, try to remember that only leaders can give leadership. What we want is leaders."—*Sir Edward Beatty.*

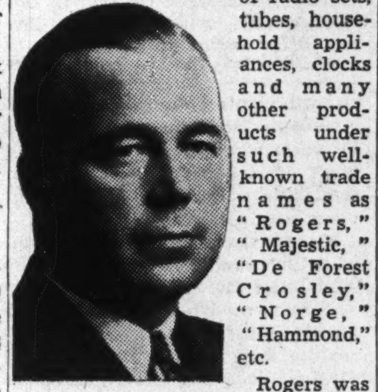
—*Cartoon by Grassick.*

WHY NOT USE THE LADDER?

Post-Scripts . . . .

Rogers Saga

Recently a young man who was an inventive genius died in Toronto. He was E. S. Rogers, president of the Rogers-Majestic Corporation, makers of radio sets, tubes, household appliances, clocks and many other products under such well-known trade names as "Rogers," "Majestic," "De Forest Crosley," "Norge," "Hammond," etc.



J. E. ROGERS

Rogers was the inventor of the tube that made the first batteryless radio possible. Now most radio sets are batteryless, although the trend to portables is bringing the battery back into its own again. But when young Rogers produced the Rogers batteryless he made radio history.

On his death he was succeeded the other day by his brother, J. Elsworth Rogers, who has been vice-president and treasurer of Rogers-Majestic. The new president is an engineer and a graduate of Massachusetts Institute of Technology. He has been in the Rogers radio business since its inception.

* * *

His promotion calls attention to the remarkable record in business and the professions of the Rogers family of Toronto.

The first Rogers on this continent came over, it is believed, on the Mayflower. The connection with Canada began in 1784 when an itinerant preacher, with a flair for organization and settlement, Timothy Rogers by name, came over from the hamlet of Nine Partners, Vermont, and took up lands near Pickering, Ontario. He brought 15 or 20 families with him, all Quakers who had become somewhat unpopular at home because their conscientious objection to war and fighting made it impossible for them to fight against the British in the War of American Independence. Timothy Rogers and his flock found Canada good. He went back for more families whom he settled up Yonge Street near where Newmarket is now located. This was the beginning of a settlement that has been long influenced by the Rogers family and the tenets of the Society of Friends to which many members of the group still belong.

Timothy Rogers penned his autobiography which circulates privately in the family. It reveals an industrious and deeply religious man who moved from settlement to settlement spreading the gospel and encouraging his pioneer friends. He was a towering genius of intellect. Quaker and preacher as he was, he apparently believed in laying a strong foundation for his family. By his first wife he had 15 children. Nine of them and their mother were taken away by a typhoid epidemic one winter, whereupon the Rev. Timothy remarried and produced five more heirs.

* * *

We skip a couple of generations and come to two brothers who laid the foundations of the present family fortunes, Elias and Samuel.

Samuel came to Toronto and founded a coal business. He was soon in financial difficulties and sent for brother Elias to come down and help him out. Elias took over the business and made an enormous success of it. The firm of Elias Rogers and Sons is today carried on by his son, Alfred, of Toronto, one of the wealthiest men in Canada, director of several big companies and chief owner of a profitable cement business as well.

When he turned the business over to brother Elias to run, Samuel went into the peddling of coal oil. In this business he succeeded as brilliantly as he had failed in coal. In time his business developed into the Queen City Oil Company and was run by his two sons, J. P. Rogers and A. S. Rogers. The Queen City Oil acquired the exclusive rights to distribute in Ontario the products of the Standard Oil Company of Mr. Rockefeller. Later it was sold to Standard Oil and became Imperial Oil Limited. The two Rogers brothers became directors. It is related that they were paid off half in stock of Imperial Oil and half in cash. Not having any immediate use for the cash they put it into more Imperial Oil stock and became very wealthy.

A. S. Rogers's sons included Edward S. Rogers, the late president of Rogers-Majestic and J. Elsworth Rogers, the new president.

J. P. Rogers's children, sons and daughters, included Samuel Rogers, K.C., successful Toronto lawyer, and David Rogers, now president of the Outdoor Neon Displays, Limited, and vice-president of Union Gas Company. A son-in-law is R. L. Warren, partner of A. E. Ames & Co., investment bankers.

Pickering College at Newmarket was founded by the family nearly 100 years ago as a Quaker boarding school. Today it is one of the most progressive boys' schools in Canada. And the chairman of the board of governors, appropriately enough, is Samuel Rogers, K.C.

* * *

Mine Producer

Bringing in profitable producing mines is a most difficult job even in this day and age. Surprisingly few Canadians can boast of being instrumental in bringing more than one mine into successful operation.

Outstanding among these is Dr. W. F. "Bill" James, who came to Toronto from Saint John, N.B., to practise mining geology after graduating from McGill and taking his Ph.D. in geology at Princeton. For a number of years he has been a member of the firm of consulting geologists, Buffam & James, and his fame has spread wide and far as one of the successful Canadian geologists.

Never a seeker after publicity, Dr. James's record is an interesting one. Last week the mill of Chesterville Larder Lake Gold Mining Co. was officially opened, marking the fourth company to which his judgment has been perhaps as important as the money with which his ideas were implemented. Siscoe Gold Mines, Macassa Mines and Moneta Porcupine, as well as Chesterville, owe their success to Dr. James in varying degree. Moreover, the number of his successes appears to be by no means at an end.

Dr. James is consultant for Aunor Gold Mines, which is now opening a very high-grade body at 1,000-ft. level in addition to a long stretch of zone with lower grade deposits extending from the Buffalo Ankerite property on one side to Delnite on the other.

* * *

It was Dr. James who evolved the theory that Buffalo Ankerite and Delnite were working on the same zone and the intervening area could be well productive of ore bodies. The problem was complicated by the fact that the zone takes great turns and folds and is not vertical but lies at a varying angle. Dr. James decided that vertical drill holes should be put down to pick up the zone on the Aunor property. He is stated never to have doubted but what he was right even when the first few holes were away from the zone. Eventually, of course, the long ore-bearing structure was traced through drilling vertical holes.

As to Chesterville, it was the estimates of Dr. James that were the deciding factor in securing a $250,-000 loan from the Imperial Bank for mill construction, a new departure for Canadian banking.

* * *

Dr. James has a reputation for being extremely conservative in his statements, but conservatism has evidently not dulled his perception one whit. At times "turning down" mining properties which appeared to have no real possibilities has cost him friends, but Dr. James is a man with the courage of his convictions and he has not allowed himself to be turned aside.

To explain his conservatism, Dr. James explains that he would rather run the risk of understating and remain out of jail than issue a statement which might prove of doubtful validity in the light of future events.

Stop Me If . . . .

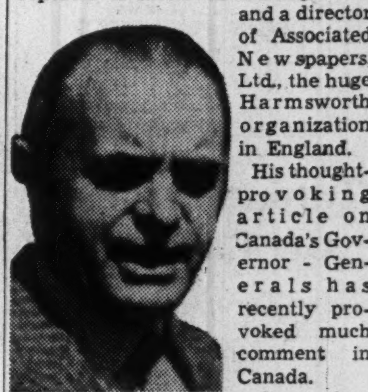
A beggar held out two hats to a passerby. "Mister," he said, "will ye gimme a nickel for a cup of coffee?"

"Sure," replied the passerby, "but what's the idea of the two hats?"

"Well," said the beggar, "business was so good that I had to open a branch."

Ace Reporter

One of the most colorful figures among correspondents covering the Royal Visit was G. Ward Price, ace reporter of the London Daily Mail, and a director of Associated Newspapers, Ltd., the huge Harmsworth organization in England.



G. WARD PRICE

His thought-provoking article on Canada's Governor - Generals has recently provoked much comment in Canada.

One curious fact about Mr. Price, which early became apparent, was the number and variety of the apparatus he used to obtain a better view of the various spectacles and parades we were called on to witness. He was seen to produce as many as five different pieces of equipment from his capacious pockets at one event.

The explanation is apparently this: One of Mr. Price's eyes—the left one—is impaired. Many years ago he found that he was in danger of losing the sight of this eye entirely if he did not give it more work to do. Accordingly Number One piece of equipment in the Price collection is a monocle with a fairly powerful lens for putting the left eye to work.

For close-ups of the King and Queen. Mr. Price used a neat black contraption, which fits over the eyes like ordinary glasses, but which is really a pair of miniature field glasses. For specially long distances he used a small single-eye telescope, which he fixes to his good eye. For reading and close work Mr. Price has a pair of standard tortoiseshell glasses; for sunny days a pair of sun glasses.

* * *

Mr. Ward Price was born in Chester about 50 years ago. When he was in his second term at Cambridge he was at a loss for a job after the term ended, so decided to follow the example of a friend who reputedly had walked across Europe to Jerusalem. Mr. Price thought this an excellent thing to do, so, being hard up, he wrote a letter to the Daily Mail, suggesting they might like to provide sufficient money to pay his expenses, provided he wrote some articles for them.

This letter, Mr. Price modestly suggests, would probably have gone direct to the W.P.B. had not Lord Northcliffe about that time administered a tongue lashing to his editor, Mr. Marlowe, to the effect that there were not sufficient "young" men around the office. Mr. Marlowe decided to hire Mr. Price.

The trip to Europe did not materialize, but the results of two vacations spent on Fleet Street brought Mr. Price and Daily Mail permanently together for their mutual benefit and glory.

* * *

After Cambridge the young staff member was sent abroad to study languages—especially German. From there, fate took him to Constantinople, where he witnessed at first hand some of the Balkan Wars—the last, incidentally, of the "open" wars, where battle was fought on mediaeval lines, with everything above ground. Correspondents, says Mr. Price, had a decent "break" in those good old days.

Being a talented raconteur, Mr. Price tells with zest and enthusiasm how he embarked one day, replete with two horses, a fez, and suitable armaments, to follow the Turkish line of battle. In those days cars were unknown or, if known, were unusable because of lack of roads. Nevertheless Mr. Price was the proud owner of a car, purchased from a man who could find no place to use it, and this car had been laboriously hauled along with the war corespondent's entourage in case of need.

The opportunity came when all the correspondents were interned in a camp behind line of battle, because of a reversal of Turkish fortunes. Ward Price and a colleague from the Times (then owned by Northcliffe) found they could manoeuvre this car over the roads by night because they were harder then than during the day. Accordingly they were able to make their way to the actual line of battle and were the only two men to witness what was probably the last open battle in world history. Incidentally, Mr. Price was so tired after this great exploit that he lay on the ground after the battle was over and slept for a solid day. Their despatch took several days to find its way back to England, but "scooped" the world as an eye-witness account of this particular encounter.

Subsequently Mr. Price became Paris correspondent to the Daily Mail until the Great War, when he was drafted as official correspondent for the Government to cover the Dardanelles show. When this was over he was sent to Salonika and later to the Italian front.

* * *

Mr. Price has just published another book called "Year of Reckoning." His first book, "I know These Dictators," was published in 1937, based on personal interviews and friendship with Hitler and Mussolini. One explanation why this first book did not receive very large circulation in the United States was that the publishers put a Swastika on the cover, which made it anathema to potential Jewish merchandisers and purchasers.

Because of his ability to get the first interview ever granted a correspondent by the Emperor of Japan, Mr. Price found himself treated like a god in that country. Much to his embarrassment, his every wish, whether it was for an airplane or an army corps, was instantly and graciously granted with much obeisance and sucking in of the breath through the teeth.

He was lucky enough also to return to Europe just at the beginning of Hitler's meteoric rise to power. Mr. Price gained an entree in the early days which has stood him in good stead ever since. For a time Mr. Price was virtually the sole channel of communication between Hitler and Britain. He has a great admiration for Mussolini, with whom he has spent much time and thinks is very friendly and competent. He believes Mussolini's showmanship is largely stage-play, put on to please the people, but that Mussolini himself is not carried away by it.

For awhile it looked as if Mr. Price would not be able to accompany the Royal Tour into the United States, the reason being that away back in the boom days the federal income tax department issued a judgment against him in respect of some alleged stock profits which went the way of many other paper fortunes in the 1929 crash. With this protracted argument with the income tax authorities still hanging fire, Mr. Price felt it unwise to risk the chance of being taken into custody once he crossed the international border.

However, legal advice to the effect that the debt was probably outlawed ere this prevailed, and readers of the Daily Mail were able to read from the pen of a favorite correspondent the graphic story of that triumphal and epochal visit.

Before returning to England, Mr. Price enjoyed a day or two of salmon fishing on the Restigouche.

In the Mail . . .

National Government

Editor, The Financial Post:

Your article on National Government has greatly interested me. I have, like many others, lost complete confidence in our actual leaders in government affairs.

There should be a way to overcome our poor situation. One which is the most important to my way of thinking, is in our election system. It is too expensive and inefficient.

Why, in a young Canada with such a limited population, do we need ten governments to run the affairs of the country and spend millions of good hard cash at every election just to obtain the same results in all our important questions, such as the railway problem?

What would you think of such a system as this for instance for our election?

We all elect a mayor in every locality of this country; the mayors elect at their first meeting, a Reeve to be head of the county which they came from. Why shouldn't the reeve elected in each county be a member of our Provincial and Federal Government? He would have the interest of his county at heart, and consequently of his province and the whole country.

Could you imagine, in our provincial capital and in Ottawa, a group of men having nothing in mind but the affairs of the country, and no party affairs to protect, no funds to collect, no friends to take care of, no promises or favors to fulfill after the election?

Consider the savings made with such a system, and the effect of such a change in our public affairs during the term of office of such a body of men!

J. B. MONCION
Rouyn, Quebec.

As Others See Us . . . . . .

Industrial Development
Victoria Colonist

Recurrent European crises have focused attention upon Canada as a country in which to live and work.

Not in years have there been so many enquiries from individuals as to the possibilities of settlement, and still more pronounced have been the enquiries from persons with capital as to the possibilities of establishing in industry. The Financial Post, which is well informed on such matters, says: "Scores of European industrialists have been investigating Canadian possibilities. At least a score are likely to apply for admission in the near future. It is estimated that some $30,000,000 in capital is represented."

Among those referred to by The Financial Post is Mr. Thomas Bata, the widely-known Czech shoe manufacturer.

Through the misfortunes of Europe, Canada has an opportunity to make big gains. There is an excellent opportunity for the Government to give leadership in industrial development by encouraging rather than discouraging foreign enterprise to switch operations to the Dominion. It is not enough to offer opportunity for investment of capital; the owners of that capital must be able to direct their investments themselves from within the country. That is what the anxious European has in mind, and if he cannot settle in Canada he will find some other field for operations.

Week in Business

Increase in Employment Confirms Business Gain

Higher Life Insurance Sales Give Evidence of Improved Purchasing Power — Better Business Evident in Most of Canada

Evidence of improved business conditions in Canada is given by the latest figures on Canadian employment. These show that the increase at the beginning of July was slightly better than the average gain at that time in other years since 1920. It was considerably greater than that recorded a year ago.

While there was some slowing up in manufacturing as a whole, partly due to fairly heavy seasonal contraction in textiles and iron and steel, there were good gains in the non-manufacturing industries such as mining, communications, transportation, trade, construction and maintenance. Increases in mining and communications were above the average; that in construction about seasonal, while those in trade and transportation were below average.

A further rise in life insurance sales pointed to improvement in business conditions among the people at large. Sales in June showed a gain for the second time this year, the gains being spread through six of the nine provinces. Business indexes in four of the five economic areas in Canada showed improvement. Reports from different sections also indicate a steady volume of retail trade passing. The Dominion Bureau of Statistics index of economic conditions for the week ended July 22 was higher than a year ago and slightly above the previous week.

* * * *

Western crop news, while variable on the whole, is such as to indicate a good harvest. There has evidently been serious deterioration caused by excessive heat and the bumper crop, confidently expected a few weeks ago, is not now likely to be realized. Nevertheless, over the West as a whole a good crop is indicated which, with price guaranteed by the Government, means substantial purchasing power for the farmer. In eastern Canada, especially in Ontario, needed rains have been received which have saved the various crops of grain, roots and fruits from heavy loss.

* * * *

In the United States the situation has been rather mixed, partly owing to political developments such as the opposition to the President's spending programme. The steel industry continued strong in spite of the 57½% rise in operations in three weeks which ordinarily, as Business Week remarks, would call for a letdown. Automobile production, however, dropped sharply but no uneasiness seems to be felt, although the trouble of the General Motors with the United Automobile Workers is looked on as having unpleasant possibilities. It is felt that it would take a very unlikely combination of political and business circumstances to prevent the latent demand for the automotive industry's products making itself felt in 1940.

Business Indicators

Current business active with D. B. S. weekly index again higher than previous week and above last year's level.

Railway carloadings for week ended July 22 lower than in week preceding, but higher than year ago. Total for year to date slightly below 1938.

Automobile financing shows decline for both new and used cars for June and for six months.

Automobile sales for June and for six months lower in both passenger car and truck divisions.

Iron and steel production lower for June and down 27 and 18 per cent respectively for six months from 1938.

Cement production higher in May, but total for five months below last year.

Gold production higher in May, total for five months up 12%.

Electric power output higher for June, up 8% for first six months of year compared with 1938.

Imports in June above 1938 level, total for six months down 4.6%.

Bank debits higher in June, cumulative for six months up nearly 4% over last year.

Life insurance sales higher in June and for six months than year ago.

Trend of Business shown by The Financial Post Business Index and following key factors, new items for week being marked thus ▲.

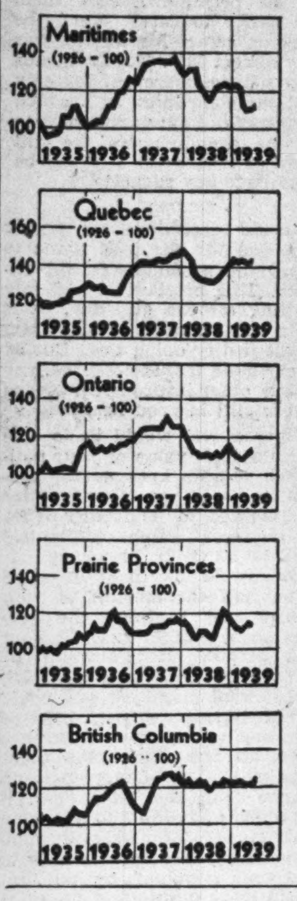
	July 22	July 15	July 8	July 1	July 22/38
Commodity prices	72.5	72.8	73.2	73.3	78.6
Weekly index	108.3	107.5	107.3	107.4	106.7
	June	**May**	**Apr.**	**Mar.**	**Year Ago**
Financial Post index	118.9	■116.3	113.2	112.1	110.2
Retail index no. of sales	....	81.1	79.2	76.3	78.5
Dept. store "	72.0	75.2	75.7	71.7	74.4
Wholesale "	....	101.5	87.1	87.4	95.5
Country (% change fr. last yr.)	....	....	—2.8	—7.6	....
Employment D.B.S. Index—					
	June 1	**May 1**	**Apr. 1**	**Mar. 1**	**Year Ago**
All industries	113.1	106.2	104.9	106.5	111.9
Manufacturing	111.4	108.4	107.1	107.0	112.3
Wage earners, No. (000)	....	....	2,186	2,161	2,163
Living costs§	$16.92	$17.02	$17.04	$17.07	$17.43
			Jan. 1 to date		**%**
	1939	**1938**	**1939**	**1938**	**Change**
Railways—					
Carloadings, week (July 22)	▲47,657	43,835	1,253,698	1,270,877	—1.3
C.N.R. gross, week (July 21) $	3,536,886	3,296,205	98,023,782	92,203,245	+6.3
C.P.R. gross, week (July 21) $	2,696,000	2,519,000	69,387,000	68,626,000	+1.1
C.P.R. net revenue (June) $	▲1,063,318	511,408	5,351,343	2,681,028	+99.7
C.N.R. net revenue (June) $	▲•12,095	•770,582	•505,417	•5,679,982	.....
Iron and Steel (June)—					
Pig iron production (tons)	▲52,805	64,375	296,521	404,158	—26.6
Steel ingots and castings prod. (tons)	▲107,902	109,000	580,141	670,340	—13.4
Automobiles (Number)—					
Passenger Cars:					
Domestic sales* (June)	▲8,610	9,197	54,408	60,825	—10.5
Factory output (June)	10,585	11,014	69,968	76,102	—8.0
Trucks and Buses:					
Domestic sales* (June)	▲2,335	2,386	13,488	15,570	—13.4
Factory output (June)	3,930	3,718	23,787	26,056	—8.7
Exports (June)	6,046	5,806	34,763	34,971	—0.6
Financing (June):					
Used $	▲4,231,180	4,455,952	18,040,248	19,703,805	—8.4
New $	▲3,213,307	3,817,376	15,455,413	20,225,590	—23.6
Construction—					
Contracts awarded (June) $	25,196,300	20,924,900	83,445,900	80,652,000	+3.4
Cement, bbls (May)	▲550,890	545,210	1,267,776	1,418,414	—10.6
Agriculture—					
Flour prod., bbls (May)	1,191,778	977,740	5,634,476	4,541,922	+24.0
Flour exp., bbls. (June)	401,189	299,503	2,223,298	1,651,331	+34.6
Wheat exp., bus. (June)	14,637,016	7,275,376	51,313,467	25,783,863	+99.0
Cattle sales (June)	46,953	50,326	236,468	323,849	+3.9
Hog sales (June)	44,366	45,593	315,974	366,244	—13.7
Sea Fisheries: (June)‡					
Catch, cwts.	968,490	871,660	3,847,520	3,144,290	+22.3
Landed value	2,235,320	2,144,340	6,024,280	6,118,210	—1.5
Newsprint (tons)—					
Production (June)	240,545	201,694	1,341,064	1,259,871	+6.4
Exports (June)	244,655	194,520	1,215,118	1,103,286	+10.1
Mining and Oils—					
Coal prod., tons (May)	1,124,433	1,021,360	5,691,341	5,983,138	—4.8
Coal imports, tons (May)	793,212	1,342,233	2,494,295	3,359,987	—25.7
Gold prod., fine oz. (May)	▲432,359	381,089	2,055,662	1,827,475	+11.9
Nickel prod., lb. (May)	21,595,362	18,620,908	90,046,906	92,667,972	—2.8
Copper prod., lb. (May)	55,364,021	48,429,331	246,654,672	243,558,959	+1.2
Crude oil prod., bbls. (May)	713,450	566,086	2,544,472	2,381,771	+6.8
Crude oil imp., bbls. (May)	3,643,657	3,801,000	9,753,514	9,519,708	+2.0
Electric Power Output (June)—					
Total monthly m.k.w.†	▲2,245,329	1,973,155	13,743,003	12,718,377	+8.0
Foreign Trade—					
Imports (June) $	▲63,709,402	58,946,698	321,079,319	336,692,235	—4.6
Exports (June) $	94,501,380	78,307,834	467,262,255	415,679,647	+12.4
Other Industrial Factors—					
Dressed lumber exp.:					
M. bd. ft. (June)	205,851	166,177	929,854	756,092	+22.9
Shoes, prod., pr. (May)	2,038,517	1,923,773	9,399,098	9,232,083	+1.8
Cotton imports, lb. (May)	13,113,000	11,860,000	38,255,000	54,560,000	—29.8
Raw rubber imp., lb. (May)	5,903,731	5,700,660	24,367,414	18,081,374	+34.7
Cigarette cons. (June) No.†	657,890	631,524	3,293,214	3,231,858	+1.9
Sugar manufactured, lb.§	94,105,028	94,408,309	301,950,913	283,874,458	+6.3
Finance—					
Bank debits (June)†	▲2,831,082	2,730,578	15,133,304	14,585,069	+3.7
Bond sales (June)	$105,457,968	65,510,687	796,070,231	627,102,237	+26.9
Life insurance (June)	$▲35,766,000	35,120,000	192,543,000	190,049,000	+1.25

*D.B.S. All-Canada figure comprising over 90% of the Canadian total.
†000's omitted. §For four weeks to June 17, 1939.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.
§For average family per week, food, fuel, rent. ■Revised. •Deficit.

McLEOD, YOUNG, WEIR & CO.
LIMITED
INVESTMENT SECURITIES
TORONTO
Metropolitan Building
OTTAWA
Ottawa Electric Building
LONDON
Richmond Building
MONTREAL
231 St. James Street
HAMILTON
Spectator Building
Correspondents in New York and London, Eng.

Business Gains General In Most Economic Areas

Advances in business were general in four of the five economic areas in Canada in June, compared with May. Important gains were shown in the Maritime Provinces, Ontario and British Columbia. Quebec showed moderate improvement while in the prairies a slight recession occurred. Building permits recorded good gains in all areas except the Maritimes. Employment and bank debits displayed fairly general increases after seasonal adjustment. Representative industries centring in Quebec province reached a higher level. Compared with June, 1938, gains were shown in all areas except the Maritimes.



Trend of Business in Economic Areas

	June, 1939	Change from 1938 %	May, 1939
Maritimes			
Constr. contr. $	1,334,000	— 67.7	1,270,000
Bldg. permits $	369,000	— 4.4	343,000
Life ins. sales $000	2,488	+ 5.7	2,197
Bank debits $000,000	53.2	— 3.8	65.8
Elec. pwr. kw.h. 000	76,803	+ 5.3	72,782
Employment*	115.9	— 0.7	108.4
Shipping—Halifax tons	263,978	+ 46.4	208,831
Exports $	6,434,888	— 16.7	10,394,053
Index	113.2	— 4.5	110.7
Quebec			
Constr. contr. $	9,276,000	+ 69.1	4,285,000
Bldg. permits $	2,134,000	+113.6	1,997,000
Life ins. sales $000	9,416	+ 5.3	8,028
Bank debits $000,000	932	+ 2.9	882
Elec. pwr. kw.h. 000	924,956	+ 17.1	961,319
Employment*	124.0	+ 3.4	121.0
Imports of cot. yarn lb.	269,773	— 12.2	485,699
Newsprint prod. tons	240,545	+ 19.3	250,015
Index	142.1	+ 7.7	141.9
Ontario			
Constr. contr. $	12,452,000	+ 33.9	10,852,000
Bldg. permits $	2,677,000	+ 0.8	2,497,000
Life ins. sales $000	16,344	+ 0.6	15,736
Bank debits $000,000	1,281	— 1.7	1,295
Elec. pwr. kw.h. 000	762,901	+ 16.1	794,254
Employment*	114.7	+ 0.6	113.6
Livestock slaught.*	127.2	+ 2.7	139.1
Steel prod. tons	107,902	— 1.4	121,413
Auto. prod. No.	14,515	— 1.5	15,706
Index	114.5	+ 3.1	113.0
Prairie Provinces			
Constr. contr. $	1,437,000	+ 7.2	1,440,000
Bldg. permits $	1,333,000	+ 3.4	793,000
Life ins. sales $000	4,499	+ 1.4	4,546
Bank debits $000,000	389	+ 24.7	437
Elec. pwr. kw.h. 000	158,363	+ 6.9	177,551
Employment*	104.0	+ 4.2	101.0
Wheat receipts bu.	5,556,000	+ 49.5	5,030,000
Wheat prices**	61/6	— 46.4	65/4
Index	114.8	+ 4.0	115.0
British Columbia			
Constr. contr. $	698,000	+ 3.7	514,000
Bldg. permits $	1,068,000	— 14.6	760,000
Life ins. sales $000	2,668	— 4.4	2,637
Bank debits $000,000	175.9	+ 14.1	158.8
Elec. pwr. kw.h. 000	159,243	+ 8.5	162,808
Employment*	111.0	+ 2.8	106.6
Exports $	11,482,468	+ 56.7	11,788,864
Ship.—Vancouver tons	1,029,271	+ 6.8	940,925
Index	124.5	+ 3.8	122.5

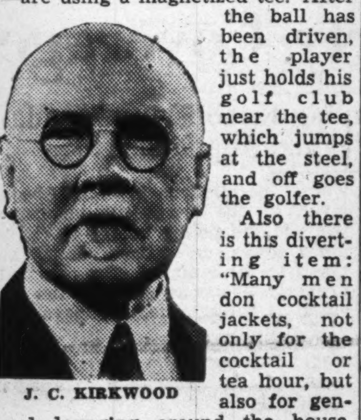
*1926=100.
**Cents and eighths of a cent per bushel.

Keeping Posted

Veteran Business Commentator Shares His Wide Reading With Businessmen

By J. C. KIRKWOOD

Now we have labor-saving in golf. In Mayfair Magazine for August I read that men—some men, anyway—are using a magnetized tee. After the ball has been driven, the player just holds his golf club near the tee, which jumps at the steel, and off goes the golfer.



J. C. KIRKWOOD

Also there is this diverting item: "Many men don cocktail jackets, not only for the cocktail or tea hour, but also for general lounging around the house. Saw a very smart one of lightweight rayon, in gay foulard pattern. It was hip length, with three patch pockets, cuffed sleeves, shawl collar and self sash!" Sounds a little dazzling for a man.

* * *

Bicycle Promoted

The bicycle is acquiring an official high status in British Columbia. The Board of Industrial Relations there has issued an order which says in part:

"In cases where a bicycle is provided by the employee, all reasonable costs in connection therewith while the bicycle is actually in use on his employer's behalf shall be in addition to the minimum wage."

It is a customary thing, says Drug Merchandising in commenting on this ruling, for salesmen and other employees of business organizations to receive an allowance for the operation of their car. The inference is that the bicycle has car rank now in the eyes of the B. C. Government.

* * *

Royal Gifts

Are you curious to know what sort of gifts the King bestowed in the United States? Twelve of his police guards in New York were given solid silver cuff links, bearing the initials "G. R." superimposed on a crown, with the recipient's initials engraved on the reverse side. Ranking officials received autographed copies of the Royal couple's photographs. President Roosevelt received a very fine desk set of onyx and gold.

And from August Mayfair, I learn that three sets of records—just three—were made of songs sung by Kate Smith, Lawrence Tibbett and Marian Anderson at a musicale given at the White House, at the special request of the King. The King got one set; the President one set, and the third was filed.

* * *

Grocers Sell Films

A grocery chain in the United States with 400 stores throughout New England has begun the sale and finishing of photographic films, and so has given fresh impetus to a widespread movement in the United States. This organization, reports Drug Merchandising for July 1, has hooked up with a mail-order film-finishing house, providing the customer with a stamped mailing bag for each film purchased. The customer merely puts the exposed film along with 25c. into the bag, and mails it, and the finished prints are returned by mail post paid. This invasion of the film selling and developing field by grocers is resented by druggists, it appears.

* * *

Royal Tour Lowdown

Questions which were repeatedly asked about the King and Queen, when they were in Canada, and after they left, included:

Were Their Majesties really worn out by the trip?

Is it true that the Queen drinks her toasts in water?

What was the King's preference in clothes?

Is it true that the correspondents who accompanied the Royal party led a very lively, not to say riotous, existence?

These and other questions are frankly answered in the August issue of Chatelaine Magazine.

* * *

Another good article in Chatelaine—one likely to be read attentively by many men and women in employment—is entitled: "Do You Like Your Job?" by Margaret Brown. Miss Brown ends her contribution with this summarizing sentence: "The thing to bear in mind is that you make the job; the job doesn't make you."

* * *

What Druggists Sell

Tabulation of the results of a questionnaire distributed among British Columbia druggists showed that 99% of those replying sell stationery and related items, with sales amounting to 6.2% of total store sales. Candy is handled by 95%, with sales of 5.2% of total. Soda fountain and allied operations are to be found in 51% of reporting stores, with a sales volume of 4.2% of total sales.

Magazines and books are handled by 68% of druggists and their sales are 5.7% of the total volume. Tobacco and cigarettes are dealt in by 67%, with sales totalling 9.9%. Electrical appliances, 25% and 1.29%, Miscellaneous items, including sports goods, toys, alarm clocks, etc., 37% and 3.7%.

* * *

Price Wisdom

Ray J. Kief is assistant manager of food and beverages, Hotel Lexington, New York City. He contributes a very sound article to the June 15 issue of Canadian Hotel Review on better merchandising, as it relates to the side of hotel management in which he is a specialist.

Mr. Kief says "A purchasing agent who always buys food or beverages at the lowest prices would worry me." He believes that quality food and beverages properly prepared and priced, according to the hotel's patronage, will yield greater net profits than low gross percentage figures.

Mr. Kief's article should be most instructive to all restaurant and hotel proprietors and managers who have the long-term view.

* * *

Textbook by Experts

Students in Ontario preparing themselves to be automobile mechanics under the terms of the Ontario Apprenticeship Act will have this autumn a text book with material contributed by Canadian instructors and experts in the various fields of automobile design, construction and servicing. Most of them are actively engaged in the work which forms the subject of their respective sections. The editor of this textbook is J. G. Bruce, technical editor of Canadian Automotive Trade.

It is suggested that many a young man may find a vocation if he prepares himself to be an automotive or airplane mechanic. For many young men there are better jobs than so-called "white collar" jobs.

* * *

Plastics and Hammers

Synthetic resins, or plastics, are displacing metals at every turn. Clare Bros., Preston, Ont., is using a synthetic resin, reports Canadian Paint and Varnish Magazine, in place of ordinary porcelain enamel finish on gas and electric ranges and on air-conditioning equipment. It is said to be less expensive and to give greater satisfaction.

* * *

New and special uses for hammers are constantly being developed. They are using them in the United States to smash second-hand plumbing goods salvaged from modernized and razed buildings. Sanitary Engineer advocates that a similar use of hammers should be made in this country. This trade paper says that a lot of second-hand plumbing and heating materials are entering Canada, to escape the hammer. Sanitary Engineer reports this "atrocious condition" is prevalent in Canada.

* * *

Loafing Assets

"Loafers" in a country grocery or general store are not obsolete. The modern loafers may not use a jackknife to whittle a piece of wood, or require a soapbox filled with sawdust, or have free access to a biscuit barrel, yet he likes to sit about with cronies for the pleasure of miscellaneous conversation.

You will find a genial company of gossipers in the general store of F. K. Jardine, Silver Heights, Alta., if you drop in at the right time, and you will learn that they are not regarded as a nuisance by Mr. Jardine. They are his friends and his advertisers.

It was just nine years ago when Mr. Jardine opened his store at Silver Heights—a grocery store. His premises were two discarded granaries. In the eight years following 1930 there were five crop failures in the Silver Heights district, yet the Jardine business kept on growing. The granaries were abandoned and the store became part of a dwelling house of three rooms. The store was made attractive and efficient.

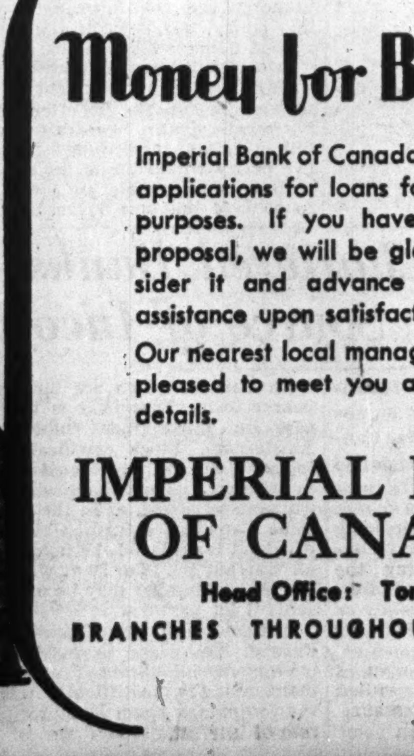
Then, with ever-growing business, a new stucco structure was built—large enough for the store, the house portion, and a garage. A truck was bought to carry stock from wholesale depots. To groceries, light hardware and farm dry goods were added. The Jardine store has become a sort of social centre.

This is a pretty good story of success which Canadian Grocer tells in its issue of July 15. It illustrates what a man can do if he has the right idea of service, and makes progress in accordance with a community's needs.

CANADIAN OIL EXTRA

An extra dividend of 12½ cents a share will be paid, along with the regular quarterly dividend of the same amount, on the common stock of Canadian Oil Companies on Aug. 15, 1939, to shareholders of record Aug. 1. The company also paid an extra of 12½ cents a share on May 15 of this year.

Money for Business



Imperial Bank of Canada welcomes applications for loans for business purposes. If you have a sound proposal, we will be glad to consider it and advance necessary assistance upon satisfactory terms. Our nearest local manager will be pleased to meet you and discuss details.

IMPERIAL BANK OF CANADA
Head Office: Toronto
BRANCHES THROUGHOUT CANADA

Urban Building in Canada Shows Advance of 15%

Volume of new building activity in Canadian urban centres jumped 15% during June above the same month last year, and raised figures for the first six months nearly 4% above the same period in 1938.

Bulletin of Dominion Bureau of Statistics on value of building permits issued in 58 leading cities in the Dominion gives total for June at $7,581,492. This is an increase of $1.2 million or nearly 19% over May this year and of slightly over $1 million or 15.3% over June, 1938. Value for the first six months is reported at $26,861,062, above 1938 level by more than $1 million.

The June, 1939, figure is the largest for this month in any year since 1931, while the half year total is the largest since 1931 with exception of 1937. Provincial totals for June showed increases in Quebec, Ontario, New Brunswick, Saskatchewan and Alberta, the largest advance being in Quebec—$1.1 million or 114%.

Foreign Exchange

AT TORONTO AND MONTREAL

U. S. Dollar	High	Low
July 31	1.00	1.00 1/32
July 29	1.00	.99 31/32
July 28	1.00 1/16	1.00 1/32
July 27	1.00 1/16	1.00 1/32
July 26	1.00 3/32	1.00 1/16
July 25	1.00⅛	1.00 3/32

U. K. Pound	Closing	Last Year
July 31	4.68⅛	4.93
July 29	4.68	4.93
July 28	4.68¼	4.93½
July 27	4.68⅜	4.93¾
July 26	4.68½	4.94
July 25	4.68⅝	4.93½

Other Currencies, July 31

Australia	3.74⅞	Italy	.0526¼
Belgium	.1699½	Japan	.2732
Denmark	.2090	Jugoslavia	.0231
France	.0265	N. Zealand	3.77⅞
Germany	.4014	Norway	.2352½
Greece	.0086	S. Africa	4.67½
Holland	.5309½	Sweden	.2412½
Hungary	.1970	Switzerland	.2256
India	.3500	Hong Kong	.2862

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The many years of investment experience and the facilities of an extensive organization are placed at the service of our clients. This service may be secured at any of our branches.

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LIMITED
Business Established 1889
TORONTO
Montreal Winnipeg Vancouver Victoria New York London, Eng.

Electrolux Corp. Profit Declines in Half Year

From Our Own Correspondent

MONTREAL. — Electrolux Corp. had a net profit in the first six months of the year, after all charges and income taxes, of $818,611. This is equivalent to 66 cents a share on the company's common stock. Profit was $1,211,705, or 98 cents a share, for the corresponding period of 1938.

Earnings in the second quarter of the year were just sufficient to cover dividend requirements, amounting to $374,697, which is equivalent to 30 cents a share. This compares with net profit of $542,458, equal to 44 cents a share, in the same quarter last year.

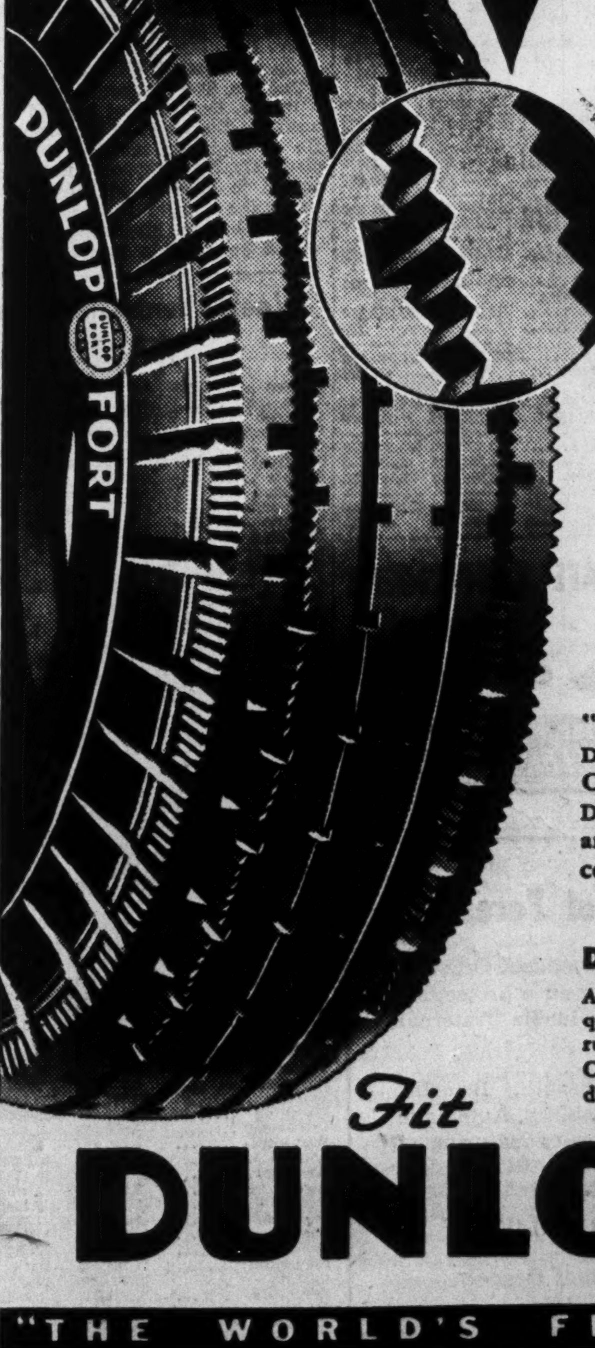
Dominion-Scottish Inv. To Pay 50 Cents a Share

Dominion Scottish Investments Ltd. has declared a dividend of 50 cents a share on its 5% preference stock. Payment will be made Sept. 1, 1939, to stock of record Aug. 21. The last previous payment was 70 cents on June 1 of this year.

After allowing for the dividend to be paid Sept. 1, arrears in this stock will amount to $5.7½ a share.

All directors were re-elected at the annual meeting on July 27, and it was mentioned that improving markets since May 31 had brought liquidating value of the preference stock to $40.50 from $39.30.

Only DUNLOP 'FORT' gives you
TEETH in TIRES
2000 SOLID RUBBER TEETH TO GRIP THE ROAD FOR GREATER SAFETY



TODAY'S CONDITIONS demanded it! Your Safety demanded it! Now it's here . . . TEETH IN TIRES!

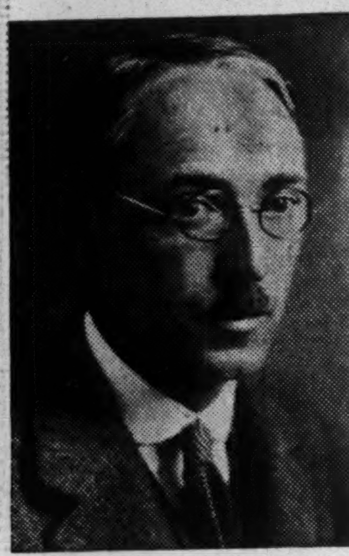
See the new DUNLOP 'FORT' . . . the only tire in the world with 2000 solid rubber teeth—over 5000 sharp edges to bite and grip the road and give you silent, safer traction on all roads, at all speeds. It's the greatest tire achievement in over 50 years of DUNLOP leadership.

"Teeth in Tires" is patented by DUNLOP. Plus the famous 6-ply Cable Cord Construction, it makes the new DUNLOP 'FORT' the most revolutionary achievement since DUNLOP discovered the pneumatic tire.

DUNLOP "90"
An outstanding, high-quality 4-ply tire. Silent-running, Cable Cord Construction and extra deep, non-skid tread.

Fit DUNLOP
"THE WORLD'S FINEST TIRE"

LEADS AGAIN



J. A. DONOVAN

of the Bay Street, Toronto, Branch of The Mutual Life of Canada, who led the Company's entire field force in the amount of life insurance sold and paid-for during the club year just closed. By this achievement Mr. Donovan receives the Company's highest honor, the Presidency of the Quarter Million Club.

Before You Insure Consult
Confederation Life
Association
One of the World's Great Life Insurance Institutions. Renowned for Strength, Service and Security Since 1871.

THE WAWANESA
Mutual Insurance Co.
Assets $2,234,188.78
Surplus 1,057,853.38
Head Office: Wawanesa, Man. Eastern Office: Toronto, Ont.
Branches at Vancouver, Edmonton, Saskatoon, Winnipeg, Montreal and Moncton
2,000 Agents Across Canada

HOME ASSURANCE COMPANY OF CANADA
Head Office
Lancaster Bldg., Calgary
Fire, Automobile, Health & Accident Insurance
Application for Agencies Invited.

FIDELITY
Insurance Company
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TRADE WITH GREAT BRITAIN
The ramifications of the Royal Bank of Scotland throughout Great Britain and the entire World enable it to handle every description of British Empire and Foreign Banking business.
Head Office:
EDINBURGH
254 Branches in All
LONDON:
Chief City Office:
3 Bishopsgate, E. C. 2
ROYAL BANK OF SCOTLAND
(Incorporated by Royal Charter, 1727)
Total Assets .... $429,679,150 ($5 to £1)
Associated Bank: Williams Deacon's Bank Ltd.

Banking

Gain is Shown In Bank Debits

Over $100 Millions More Transferred by Cheque

Canadian business as reflected in the amount of money transferred by bank cheque continues to improve. Over $2.8 billions was transferred in this way in June, an increase of $100 millions or 3.7% over June, 1938. Compared with May, a decline of $8 millions is shown, although after seasonal adjustment for holidays, etc., a small increase is indicated.

Compared with a year ago, gains were recorded in three of the five economic areas, the exceptions being the Maritimes and Ontario. Declines were noted in each of the three centres of the Maritime Provinces while in Ontario, seven of the 13 centres had decreases.

The improvement in the Prairie Provinces over 1938 was notable, the total rising to $389 millions against $312 millions, a gain of 25%. Winnipeg bank debits were up 41%. British Columbia showed a gain of 9% while that in Quebec was 3%.

Compared with May, debits in the Maritime Provinces were 13.6% lower in June. Quebec was up 5%. Ontario debits gained 1% after seasonal adjustment notwithstanding a decline of 1.2% in Toronto. The prairies were down 11% while British Columbia was 0.6% lower.

Higher in Half Year

For the first six months of the year bank debits were 3.8% higher than in 1938. The total was $15.1 billions against $14.5 billions a year ago. Increases were general in the five economic areas, the greatest percentage gain being shown in British Columbia, which was up 10.4%. The Prairies were up 9%. Ontario 0.6%, Quebec 5.3% and the Maritime Provinces 1.2%.

Debits to Individual Accounts

	June, 1939	May, 1939	June, 1938
	—— Millions of $ ——		
Maritimes:			
Halifax	27.7	40.5	27.9
Moncton	9.4	9.0	10.2
Saint John	16.0	16.2	17.0
Total	53.2	65.8	55.2
Quebec:			
Montreal	837.9	793.5	835.9
Quebec	86.5	81.2	62.3
Sherbrooke	7.2	7.4	7.6
Total	931.7	882.2	905.9
Ontario:			
Brantford	9.3	9.9	9.7
Chatham	13.6	7.9	8.2
Fort William	5.6	5.4	5.7
Hamilton	54.0	52.0	54.7
Kingston	5.9	7.0	5.8
Kitchener	11.3	12.8	11.1
London	35.2	35.8	43.9
Ottawa	113.1	104.7	102.9
Peterborough	5.9	5.7	6.1
Sarnia	8.8	7.8	6.7
Sudbury	7.2	7.6	7.1
Toronto	972.7	998.3	999.8
Windsor	38.6	39.9	41.3
Total	1,281.5	1,295.2	1,303.4
Prairies:			
Brandon	2.9	2.8	2.8
Calgary	48.0	46.1	48.1
Edmonton	46.9	38.3	35.3
Lethbridge	4.0	4.3	3.9
Medicine Hat	2.0	2.2	1.9
Moose Jaw	5.6	6.3	5.9
Prince Albert	2.2	2.2	2.2
Regina	36.5	54.3	38.1
Saskatoon	8.2	9.8	9.0
Winnipeg	232.2	270.6	164.3
Total	388.8	437.1	311.9
British Columbia:			
New Westminster	7.4	6.1	6.4
Vancouver	129.4	125.7	118.6
Victoria	39.0	26.9	28.9
Total	175.8	158.8	154.1
Total for Canada	2,831.1	2,839.2	2,730.5

Bank of Canada Weekly Statement

Bank of Canada reserves of sterling and United States currency increased $4.7 millions during the week ended July 26, according to the regular weekly statement of the central bank. The increase was probably due to sales of gold abroad, and was reflected on the liability side by expansion in the deposits of the Dominion Government and the chartered banks. Note circulation of the Bank of Canada was down slightly.

Total assets of the bank showed an increase for the week of $5.6 millions.

Balance Sheet

	July 26 1939 $	July 19 1939 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	168,931,417	169,185,906
Rest fund	1,903,515	1,903,515
Depos.: Dominion	27,840,975	24,788,355
Banks	206,144,737	202,458,758
Other	4,713,641	5,625,967
Total deposits	238,699,353	232,873,080
All other liabs.	1,831,627	2,808,198
Total liabs.	416,365,912	411,770,699
Assets		
Reserve: Gold	205,319,295	205,415,237
Res. in sterling and U. S.	42,227,721	37,579,370
Other curr.	754	755
Total reserve	247,547,770	242,995,362
Subsidiary coin	388,935	408,817
Investments:		
Dom. govt. short	112,541,796	112,618,564
Other Dom. govt.	51,250,468	51,326,588
Total invest.	163,792,264	163,945,152
Premises	1,659,100	1,659,043
All other assets	2,977,843	2,762,325
	416,365,912	411,770,699
Reserve ratio	60.72%	60.43%

THE SAFE CONVENIENT WAY TO CARRY MONEY
Canadian Pacific Express TRAVELLERS CHEQUES

Ample Legal Tender Available For Banks

Finance Minister and Bank of Canada Governor Say Necessary Cash Forthcoming Even if All Depositors Sought to Withdraw Funds

Following is the tenth article of a series in The Financial Post reviewing the proceedings of the House of Commons Committee on Banking and Commerce. It analyzes the firm insistence of Finance Minister Dunning and Graham F. Towers, governor of the Bank of Canada, as to capacity to supply legal tender to meet all demands.

By D. G. MacLEAN
Staff Writer, The Financial Post

If all depositors in the Canadian chartered banks were to ask for their money back in legal tender they would be able to get it, Graham F. Towers, governor of the Bank of Canada, told the Banking and Commerce committee of the House of Commons.

His statement was in reply to a question by G. G. McGeer, M.P., as to how the banks could pay off $2.5 billions of deposits with a maximum of legal tender cash of $800 millions that could be issued on the present reserve of gold.

The Bank of Canada Act, it will be recalled, requires the bank to retain a gold reserve of 25% of its liabilities in the form of notes and deposits. This provision may be suspended by order-in-council.

Mr. McGeer's figure of $800 millions as the maximum that could be issued on the present reserve of gold was calculated on gold holdings with the Bank of Canada of a little over $200 millions, with legal tender already issued against it amounting to $269 millions. The last figure does not include the remaining notes in circulation of the chartered banks.

Money in Mattresses

Mr. McGeer asked Mr. Towers how he could expand the $800 millions maximum to meet possible demand from $2.5 billions of deposits.

Mr. Towers: "The maximum is subject to the suspension of the gold reserve requirements. In the event of all the depositors in Canada wishing to withdraw their deposits from the banks in legal tender, and presuming they put it in their mattresses, because that is the only reason people do those things, I would say that ways and means would be found of filling their requirements, by suspension of the reserve provision if necessary."

Mr. McGeer: "And by issuing a straight national currency?"

Mr. Towers:: "Right. It would have no effect from a national point of view, because people would simply put it in their mattresses or in holes in the ground."

Contradiction Seen

His remarks were quoted again by V. Quelch, M.P., later in the sessions when an attempt was made to show that Mr. Towers was contradicting the views expressed by Hon. C. A. Dunning, Minister of Finance, during the debates in the House of Commons.

On that occasion, J. C. Landeryou, Social Credit, Calgary East, asked Mr. Dunning: ". . . . If there was a run on the banks in Canada, as there was in the United States a few years ago, and in England in 1914, would our banks under the present laws have the cash to pay off the depositors?"

Mr. Dunning: "The Canadian banks under the present laws would positively be able to secure the cash to meet immediately the demands of their depositors."

Mr. Landeryou: "They would be able to raise it. I do not question that."

Mr. Dunning: "No, secure it."

Mr. Landeryou: How would they secure it? By going to the Dominion Government and asking them to print the money?"

Mr. Dunning: "No, No."

Mr. Landeryou: "Could they secure the cash without a suspension of the gold clause?"

Mr. Dunning: "Positively, yes."

In Agreement With Dunning

But Mr. Towers would not agree with Mr. Quelch that he had contradicted the views of Mr. Dunning. He pointed out that, in the first place, Mr. Dunning could not be expected to keep in his head at all times the figures in the Bank of Canada balance sheet. Secondly, it would be possible to increase the issue of legal tender up to a certain point without any suspension of the 25% gold reserve provision.

"That," said Mr. Towers, "allows a certain latitude at the present time." He added that this latitude amounted to some $400 millions of additional note issue. If, however, the demands were in excess of that and the gold reserves no higher than they are now, it would be necessary to suspend the provision for a minimum reserve of gold.

It was evident that Mr. Dunning and Mr. Towers were in agreement as to the fact of the banks being able to meet their deposit liabilities under all conditions. Any seeming differences as to whether the gold reserve clause would have to be suspended or not, were merely those which might exist between two authorities agreed in general principle, one of whom was looking at the matter in a general way from a more distant point of view, and another closer to the actual matter, looking at it in greater detail.

Balance Sheet Balances

The point made in another connection by Mr. Towers that a bank's balance sheet must always balance, has a bearing on the matter. In the balance sheet of a solvent bank every liability item must be offset or more than offset by the total assets. In other words, the deposits of the bank which are its liabilities must be offset by other items as loans and investment which are its assets.

Owing to the nature of banking not all the assets, as has been pointed out previously, can be kept in cash. This would be W. A. Tucker's plan of keeping 100% reserve against deposits. But the banks, being solvent, have assets in the forms of loans and investments against their deposits, which are their liabilities.

If it became necessary to collect all the loans outstanding, and pay off all the depositors in cash, it would be necessary to have approximately $2.5 billions in currency against some $269 millions now, as cheques would no longer be acceptable. This is where the issue of more legal tender would come in.

But as it is not likely that everyone would ask for their money in legal tender at a given time, the problem becomes rather an academic one,, just as does the discussion as to what the life insurance companies would do if all insured persons died at the same time.

Weekly Bank Clearings

	July 27 1939 $	Change year ago %	July 20 1939 $
Halifax	2,293,447	—4.7	2,630,403
Saint John	1,755,444	+12.9	1,906,748
Moncton	890,903	+23.6	787,592
Sherbrooke	723,460	+12.6	733,230
Quebec	4,215,441	+7.7	4,528,247
Montreal	95,250,843	—8.6	103,049,348
Ottawa	13,904,867	+2.3	13,284,892
Kingston	547,243	—1.9	586,356
Peterborough	511,319	—3.3	621,404
Toronto	85,895,725	—12.9	103,089,126
Hamilton	4,804,228	—8.3	6,801,599
Kitchener	903,049	—7.1	1,005,177
Brantford	733,227	—4.2	804,989
London	1,984,821	—21.1	2,276,904
Windsor	2,074,360	—1.9	......
Sarnia	423,952	—11.3	526,274
Sudbury	1,579,250	+37.1	1,111,166
Fort William	595,523	—14.1	710,385
Winnipeg	35,180,090	+51.5	29,908,785
Brandon	297,511	—0.2	339,870
Regina	3,336,791	+13.1	3,241,043
Moose Jaw	564,993	—11.0	614,346
Saskatoon	978,052	—8.1	1,204,041
Prince Albert	306,204	+6.9	385,553
Edmonton	3,524,446	+9.3	3,765,387
Calgary	4,317,244	+6.7	4,369,089
Lethbridge	452,988	+14.5	485,308
Medicine Hat	219,987	+40.2	252,683
N. W'minster	688,238	+3.5	573,587
Vancouver	16,142,475	+1.8	16,866,657
Victoria	1,663,519	+2.4	1,765,865

Monthly Bank Clearings

	July, 1938 $	July, 1939 $
Halifax	11,419,773	10,852,728
Saint John	8,138,210	7,890,940
Moncton	3,214,644	3,663,846
Sherbrooke	3,090,658	3,489,518
Quebec	22,076,913	20,347,593
Montreal	463,394,237	447,719,149
Ottawa	75,926,950	70,081,866
Kingston	2,598,860	2,143,427
Peterborough	2,721,646	2,524,756
Toronto	430,774,852	429,457,328
Hamilton	22,109,312	23,587,048
Kitchener	4,609,925	4,433,985
Brantford	3,910,297	3,794,672
London	11,546,056	10,129,669
Windsor	11,634,193	11,412,670
Sarnia	2,204,087	2,016,866
Fort William	3,224,765	2,739,287
Brandon	1,541,542	1,423,257
Regina	13,848,143	14,736,501
Moose Jaw	2,338,547	2,597,031
Edmonton	15,743,091	16,785,835
Calgary	18,706,176	18,462,439
Lethbridge	1,839,351	2,066,102
Medicine Hat	897,559	1,013,711
New Westminster	2,736,881	2,791,372
Vancouver	71,368,604	74,030,806
Victoria	7,592,720	7,897,627

Commercial Union Assets Close to $250 Millions

Total assets of approximately $249.5 million dollars are shown by the Commercial Union Assurance Co. in its annual report for the year ended Dec. 31, 1938, on a basis of £1 being taken as equivalent to $5. Of this total, $1.9 million is invested in mortgages and on personal security, $37 millions in bonds and stocks, $6.5 millions in freehold and leasehold premises and $19.5 millions in subsidiary companies. Figures are from the statutory balance sheet.

Net premiums of the fire department amounted to $26.5 millions, while claims paid and outstanding for the year were $11 millions. In the marine department, net premiums were $3.4 millions and claims paid $2.3 millions. Accident premiums were $40.5 millions and claims paid $20.2 millions.

New business of the life department consisted of 9,281 life assurances for a total of $31.5 millions. Claims by death and maturity amounted to $6.4 millions. As a result of the year's transactions the life insurance fund increased $3.5 millions to $136 millions.

The Commercial Union has been operating in Canada since 1863. It is licensed to write fire, life, automobile and various lines of casualty and miscellaneous insurance. A.C.B. Hall is manager for Canada.

Staff Changes

The Bank of Nova Scotia announces the following staff changes:

L. E. SHATFORD, to be assistant manager, Halifax.

G. M. SCHURMAN, to be manager, North Sydney, N.S.

A. E. WILSON, to be accountant, Moncton, N.B.

P. GRANT, to be accountant, Danforth & Greenwood, Toronto.

W. S. BUFFAM, to be accountant, Queen & River, Toronto.

W. C. HAWKER, to be manager, Pugwash, N.S.

R. C. STODDARD, to be assistant manager, Charlottetown.

E. L. PIGGOTT, to be manager, Chester, N.S.

E. L. ALLAN, to be accountant, Winnipeg, Man.

H. FREESTONE, to be accountant, Timmins, Ont.

The Bank of Toronto announces the following staff changes:

W. H. KUMPF, accountant, Church and Wellington Sts. branch, Toronto, to be manager, Hastings, Ont.

G. D. GOWANS, manager, Hastings, Ont., to be manager, Cardinal, Ont.

H. L. KNIGHT, of head office staff, to be manager, Meaford, Ont.

F. A. MAPLES, manager, Meaford, Ont., to be manager, Stratford, Ont.

J. H. MILLS, manager, Stratford, Ont., to be manager, City Hall branch, London, Ont.

G. E. ARMSTRONG, manager, Alliston, Ont., to be manager, Wallaceburg, Ont.

R. L. DANIEL, manager, Wallaceburg, Ont., to head office.

Insurance

Upward Trend In Life Sales

Increase in Canadian Figures Reflects Business Improvement

Reflecting the pick-up in general business, sales of life insurance in Canada are showing an increase over last year. While totals of each of the first four months of 1939 were below the corresponding months of 1938, the improvement since then has resulted in an increase of about 1.3% in the total for the first six months.

Total sales of ordinary insurance in June, in Canada and Newfoundland, were $35.7 millions or 1.8% over 1938.

The figures, based on returns to the Life Insurance Sales Research Bureau, from 18 companies having 84% of the total insurance in force in the country, were released by the Canadian Life Insurance Officers Association.

Life Insurance Sales (000's of $)

	June 1939	June 1938	Change 1939 %
Brit. Columbia	2,668	2,790	—4.37
Alberta	1,351	1,361	—0.73
Saskatchewan	941	851	+10.6
Manitoba	2,207	2,227	—0.9
Ontario	16,344	16,246	+0.6
Quebec	9,416	8,938	+5.34
New Brunswick	877	824	+6.43
Nova Scotia	1,453	1,425	+1.96
Pr. Ed. Island	158	105	+50.1
Newfoundland	351	352	—0.57
	35,766	35,120	+1.84

Sales by Months, 1936-1939

	1936	1937	1938	1939
Jan.	33,347	27,789	30,606	30,434
Feb.	28,834	30,619	31,204	30,879
Mar.	30,552	32,322	32,796	33,578
Apr.	28,876	32,562	29,981	28,229
May	28,411	31,916	30,342	33,657
June	31,247	37,908	35,120	35,766
July	31,396	32,040	30,126	.....
Aug.	23,547	28,411	27,996	.....
Sept.	28,090	27,730	27,442	.....
Oct.	29,402	33,416	31,854	.....
Nov.	36,710	38,020	36,611	.....
Dec.	34,146	37,125	35,827	.....

First Six Months

	1939	1938	Change %
British Columbia	14,959	15,151	—1.27
Alberta	7,929	7,592	+4.44
Saskatchewan	4,908	4,290	+14.4
Manitoba	11,592	10,453	+10.9
Ontario	87,757	86,751	+1.16
Quebec	50,431	50,794	—0.71
New Brunswick	4,524	4,765	—5.06
Nova Scotia	7,677	7,511	+2.21
Pr. Ed. Island	784	707	+10.9
Newfoundland	1,982	2,035	—2.60
	192,543	190,049	+1.31

Insurance Problems

When Income Falls

Some years ago, when my income was around $5,000 per annum, I took on life insurance amounting to $50,000. At that time I believed that my income would be permanent. The underwriters through whom I bought the insurance argued strongly that the scale of dividends then in force, which was a liberal one, was practically certain to be continued. These dividends, applied to reduce the premiums, made them much easier to carry. Then the depression came. My income was cut by almost 50%. The dividends on my policies were cut severely by all the companies with which I am insured. I am unable now to meet the premiums on the full amount of insurance. I would be glad to have any suggestions.

You could surrender some of your policies and use the cash value to help pay the premiums on the remainder. This, however, would only be putting off the evil day. It is possible an improved income later on might justify doing this. But on the other hand if that occurred, you could buy other insurance, provided you were still in good health.

Another course would be to borrow on the cash value of your policies each year to keep up the premiums in hope of your income being restored to its former level. This, however, might ultimately jeopardize all your insurance.

Or you could take paid-up insurance on half the amount of your insurance and continue the premiums on the other half, if your income permits. If this would be too great a burden, you could work out what total premiums you could pay, not letting yourself off too lightly, and take paid-up insurance for the balance. Since the older policies will allow of more paid-up insurance than the later ones, it would appear advisable to use them for this purpose. Roughly, through this method, you might be able to reduce your premiums by half, but maintain three quarters of the original amount of your protection. There would probably also be small dividends from the paid-up insurance which would also help you further. Since paid-up insurance maintains its present cash value, and in fact increases it year by year, it appears to be a valuable reserve for later on.

Regulations Are Lifted On Property Coverage

Department Withdraws Ruling Establishing Mandatory Forms for Policies and Applications

Forms of policy, application, rider and endorsement as issued by the Ontario Department of Insurance for use by companies writing personal property floater insurance are no longer mandatory. Companies, therefore, doing this class of business are at liberty to use such forms as they consider necessary, with the proviso that they must comply strictly with the Ontario Insurance Act.

The decision of the Ontario Department to leave these forms to the discretion of insurers is the result of long discussions between provincial supervising officials and the underwriters, leading to the conclusion that it was impossible to secure universal adherence to the mandatory forms, and that it was unfair to leave them in force unless they were generally accepted.

Just about a year ago an attempt was made to standardize the coverage given. Last November a special endorsement form was added, enabling the insurer to grant coverage on unscheduled jewellery, watches and furs to a larger amount than the $250 limit originally imposed. This special form was made mandatory.

While most of these departmental regulations have thus had the effect of broadening the terms of the coverage, insurers have still felt it necessary to make further alterations and amendments. Now the only government requirement is general compliance with the Ontario Act.

Recent Development

The personal property floater policy is a comparatively recent development, having come on the market first only about three years ago.

It protects personal property against loss or damage by fire, burglary, weather, earthquake and even mysterious disappearance

Thus if one's wife goes into the washroom of a hotel and leaves her diamond ring on the wash basin and never sees it again, she is covered against loss. If your house is entered and the silverware stolen, you are again protected.

If smoke or fire damage the pictures on the walls of your home, or the drapes, the personal property floater makes it good. If somebody on the street throws a ball or a stone through the window and breaks a valuable piece of property, you are covered.

Narcotics, power boats, and real property are not insurable under this policy, nor is protection given against damage from moths.

In a circular sent out by Hartley D. McNairn, Superintendent of Insurance for Ontario, the attention of insurers is drawn to statutory condition No. 8 of the ordinary primary fire policy which limits the amount of insurance payable for a fire loss to 60% of the face value in cases where permission has not been given by the fire insurance company to the policy holder to carry other insurance. "Care should be taken in the issuance of a personal property floater to see that the insured is fully protected," says Mr. McNairn.

Canadian Chartered Banks Have New Source of Income

Influx of foreign cash and securities into Canada is providing an unexpected source of revenue for Canadian banks. Those which have had foreign securities entrusted to them for safekeeping are making a charge for doing so. By servicing is meant clipping the coupons, collecting the money from them and from dividends, and depositing the money or otherwise disposing of it according to the wishes of the owners.

There is a substantial amount of work and expert knowledge entailed in handling large blocks of securities, particularly those which come from Europe, which are largely in bearer form. Especially is this the case in those that come from Amsterdam. Stock certificates, for instance, are usually described merely as "bearer." They have dividend warrants attached, as in the case of some Canadian securities. When a dividend is declared the holder cuts off warrant No. 18 or 20 or whatever the proper number may be and presents it for payment.

In the case of cash deposits from Europe, banks are believed to be paying only a low rate of interest on them, owing to the difficulty in lending the money again at a profitable rate of interest.

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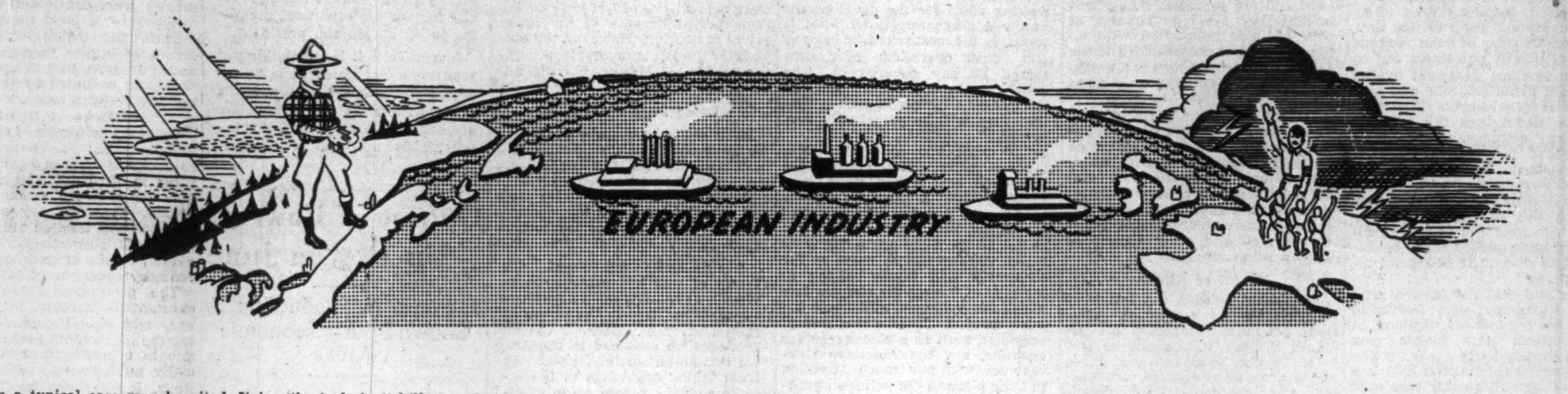
Europe's Industries Find Haven in Canada

Thousands of New Jobs For Canadians Probable As Capital Finds Haven



Within the past 18 months, half a hundred or more new industries have been established in Canada by European industrialists.

Some have left Europe because of political, social or racial reasons. One large group embraces withdrawals from zones of Hitler's Nazi conquests where owners could not conduct their manufacturing operations unmolested and live in peace and quiet.

An equal number have decided to pull up stakes and come to the new world because they are convinced that Europe faces a generation of war (or uneasy peace). Such an era would be fatal to many business concerns and exceedingly difficult for others.

Already the number of Canadian workmen who have obtained new jobs in these factories totals several hundred. No one can calculate the exact figure. The Financial Post's estimate is based upon a survey of industrial commissioners, boards of trade, the railway companies, the banks and other sources.

It seems certain that the figure of several hundred new jobs will become several thousand before another 12 months have passed, since a great many of the new plants are only now in process of organization and are not yet in full production.

Migrants Create Jobs

To facilitate the establishment of the plants, a considerable number of engineers, technical experts and trained workmen have been permitted to enter Canada. With them have come their immediate families. But a quick study of a dozen typical industries indicates that, on the average, for every foreign proprietor or workman who has come to Canada, jobs have been found for 10 Canadians. And as the industries grow, new workmen will be recruited from the ranks of Canadians and trained in the new methods required for these industries—highly specialized industries in most cases.

In every case, all or most of the capital for the establishment of the plant has been brought to Canada by the new principals themselves. None of these new enterprises has so far been a promotional development wherein a European with a good idea has sought to get Canadian investors to buy stock. The European sponsors are risking their own capital.

In many cases the capital has been withdrawn from Europe with great difficulty and in only a few cases does it represent the total wealth of the individual capitalists. Most of them have been content to salvage a fraction of their investment overseas and to use it as the nucleus of a new venture in the new world.

Variety of Fields

A study of the different enterprises that have come indicates that they are operating or will operate in such varied fields as these:

Shoes	Artificial flowers
Jewellery	Aluminum products
Plastics	Sugar
Lumber	Pottery
Art glassware	Gloves
Cheese	Sporting goods
Handicrafts	Specialty steels
Furs	Shirts and collars
Textiles	Industrial chemicals
Toys	Plywood

Some of these industries are engaged in the production of articles that have not previously been made in Canada. Others will manufacture articles not previously made in the province where the plant has been opened up.

It seems likely that the provinces that will benefit the most will be Quebec, Ontario and British Columbia where enormous resources of cheap power and an abundant supply of young and energetic labor combine to create ideal conditions.

At first there were some doubts in Quebec as to the desirability of a movement of "refugee" industries to Canada. But now Quebec mayors and industrial commissioners are falling over each other in their efforts to obtain new factories for their localities. Little more is heard of putting any obstacles in the way of a movement that means so much to Canada in new capital, new enterprise and new jobs for Canadian workers.

Typical Examples

A high proportion of the manufacturers have come, of course, from Germany and countries that have recently been forcibly incorporated into Grossdeutschland. Others come from countries feared to be in the line of German progression down the Danube.

Typical of the latter group is the wealthy industrialist from one of the Balkan countries. He made the unhappy error five years ago of addressing his local Rotary Club on the subject of Nazi aims in the Southeastern Europe,—a speech that was not free of some rather caustic criticism of Herr Hitler and other Nazi leaders. A few months ago this man discovered by chance that his name was in the Gestapo's little black book, together with a copy of his remarks. He looked at Austria and he looked at Czecho-Slovakia, and he decided that he had better start life anew in a country that Hitler was not likely ever to occupy.

In recent months the number of factories being established by nationals of countries entirely outside the present or potential German orbit has increased.

Again a typical case may be cited. It is the instance of a Belgian who had built up a very fine specialty business in his own country, a business that was doing a flourishing export trade to the United Kingdom, France and the United States.

One day he happened to look at some maps of the military operations in the last war. They forcibly reminded him that if his factory had been in existence in 1914 it would have been blown to bits by 1918. He, too, decided to move. He did not enjoy the thought that he stood in the very pathway of war.

Canada's Opportunity

A man who has been very active in promoting this movement of European industries to Canada remarked the other day: "This is the biggest industrial opportunity that has come to Canada in my 35 years of business life." To him it was a movement that matched the pre-war industrial migration to Canada and the immediate post-war movement of American branch plants to this country.

In the main, the movement is a natural one. So far there has been little propaganda effort to bring such new industries to Canada. In fact the Government at Ottawa has been criticized for merely adopting the passive attitude of hand-picking approved entries from the numerous applications. It has been urged that Ottawa should establish an industrial mission in Europe to go after new industries.

Ottawa's policy, so far as it can be judged by what has happened to date, is to permit manufacturers desiring to come to Canada to come in on temporary visas for a period long enough to enable them to look over the Canadian industrial field. When they are here, they have to make up their minds for themselves as to whether or not this country supplies them with the peculiar combination of power and raw material resources; of labor supply; of taxation and tariff conditions; of access to domestic and foreign markets, that they need for the opening of a soundly established plant likely to prove successful.

Having made up his mind, the manufacturer can get an immigration permit to enter with his family if he can satisfy the authorities that he is able to bring in adequate capital to start his new business; that he has the industrial skill and the knowledge of markets likely to ensure success. If these conditions are satisfied Ottawa will permit him to bring with him the minimum number of engineers and experts required to get his production under way and to train Canadian workmen.

In short, the immigrant factory must supply the capital, the management and the technical skill. Canada is prepared to supply the workers, the raw materials and the favorable access to world markets that is afforded by Canada's trade treaty setup. But the immigrant industrialist must himself undertake the speculative risks involved in the establishment of any new plant.

In addition to the 50 or more enterprises that have already been established, many more are likely to come. Several score European capitalists are in Canada at the present time on temporary immigration visas. Nearly all of them speak English well or reasonably well. Practically all of them seem to know exactly what they want, as industrial commissioners who have been in touch with them testify.

Recently a new obstacle to the movement has arisen in the fears that have been aroused in Germany as to the possible consequences of the migration from that country of so many skilled technicians. Having for several years operated within an almost hermetically sealed currency frontier, that has made the export of capital both difficult and hazardous, Germany is now devising a barrier to the export of workmen.

This may make it impossible for some of the industrialists, with ambitions to come to Canada, to get started unless they can find technically trained men here capable of schooling Canadian workers in the needs of their plants.

Bata the Biggest

The enterprise that has attracted the most newspaper publicity is the Bata shoe enterprise now coming into being in Ontario. This is the one that promises in time to become the largest of the new European migrant industries.

In Zlin in old Czecho-Slovakia, Bata operates the world's largest shoe manufacturing enterprise. It has plants in about 10 other countries. The company's engineering and research activities are concentrated in Zlin. In that little Moravian city 6,000 men are employed in the manufacture of machinery for Bata's plants throughout the world and 2,000 more are engaged in research.

Bata's intention is to set up in Canada a smaller edition of this engineering and research institution. Of the 1,800 employees Bata hopes to have on its payrolls in Canada within the next year or two, about 1,200 will be engaged in machinery manufacture, engineering and research. If the Canadian enterprise works out successfully the machinery and research activities of the Bata enterprises outside of Europe may be concentrated in Canada. It is possible that the number of Canadian employees will in time equal the number of employees the company now has in Zlin.

Attractions of Canada

Bata and these other plants did not come to Canada by chance. They have looked the world over. It is literally true that the Bata people made a survey of every industrial country in the world before deciding that Canada was the best bet for them.

Canada has power; Canada has skilled labor; Canada has favorable access to world markets; Canada has comparative freedom from the possibility of attack and warfare on her own territory. She has a stable government; a good banking system.

Canada has another advantage that weighs heavily with these Europeans. Canada is part of the British Empire. European manufacturers have decided that the Empire is the most stable area in the world today; the one that has the best chance of coming through the economic and political crises of today with her political and commercial institutions unimpaired.

The Bata project is the one that at present gives promise of most quickly developing into a giant Canadian enterprise. But it may not prove to be, in the early stages at least, the one that will create the largest number of man hours of employment.

Indirect Employment

The proposed beet sugar plant near Winnipeg is a not unpromising venture from the standpoint of jobs to be created in the plant proper. It will represent an initial capital investment of around $1.5 million, of which nearly two thirds will represent the value of the machinery that is being brought out from Germany. Germany would not have permitted this group to export capital from Germany, even in the form of machinery, if she were not desperate for foreign exchange.

It is understood to be part of the arrangement that this group has to make available to Germany something in the neighborhood of a quarter million dollars of additional foreign exchange as part of the price for the permit to export the machinery.

But to Canada, a most important aspect of the scheme is that to operate a beet sugar factory one must have raw material in the form of sugar beets. Farmers in the neighborhood of the plant will have to plant the beets. This will give them a crop diversification that will be exceedingly welcome at a time when the world is showing a disinclination to buy Canadian grains.

There is a great deal of manual labor involved in the planting and care of sugar beets and much more in the harvesting and cutting of the beets when they have been grown. Thus the labor created by the new plant cannot be measured simply by the man hours in the plant itself.

Principal Projects

Another industrial venture set up in Canada by European capital is a hardwood veneer plant in British Columbia, employing 50 people. A mill that had been idle for some time was taken over by people formerly engaged in making hardwood veneer in the Czech forests.

A second B. C. sawmill project is employing 100 Canadians, plans to employ another hundred within a year, and is doing a healthy export trade to the very European markets which the Czech manager knows so well.

To get this plant going it was necessary to permit the migration to Canada of only half a dozen expert workmen and their families. The plant is said to represent a total investment of around half a million dollars.

An art pottery project, starting with a single kiln and employing 30 men in the early stages, is getting under way at St. Jerome, Quebec. Here an old factory belonging to the town is being rented to the European manufacturer at a nominal sum. He is supplying the balance of the capital and has brought over three or four workmen to teach the trade to unemployed citizens of the community.

In Montreal a small plastics enterprise is being rounded into shape. It has been organized by two former German chemists who managed to salvage around $40,000 from the wreckage of their fortune in Germany. Their plan is to use the soy bean, now grown in the eastern townships of Quebec, as the raw material for plastics, used today for a wide variety of industrial purposes.

Interesting Prospect

One of the most interesting of the new plants (not yet under way) is planned probably for Toronto. An ex-Russian built up a fine business in Belgium in the manufacture of tennis and badminton rackets and other sporting goods. His products, because of the originality of their design, soon commanded a fine market in many countries.

The enterprise is to be moved, lock, stock and barrel, to Canada and the manufacturer hopes to hold his world markets because he feels that he is producing a product that will hurdle any tariff walls.

Some publicity has been given to the new Fischl glove factory in Prescott, which promises to have interesting collateral advantages in introducing goat-farming and the manufacture of certain types of cheese—new to Canada—into the area.

This manufacturer is one whose products are well known in Canada for their superior quality. Eaton's, Simpson's, Morgan's and other larger stores have sold up to $150,000 a year of his gloves over a long term of years. When he decided that he must leave the Sudeten area he came to Canada. He found a disused plant at Prescott and began to make gloves. For raw material he needed kid skins. Another ex-European agreed to come to Canada and organize the raising of goats among the local farmers.

A by-product of the raising of kids is a a supply of goat's milk. And goat's milk makes cheeses of the type that Canada has been importing from Europe. So a third ex-European came into the picture and he is planning to establish a cheese factory.

Alpine Village Scheme

No more colorful immigrant industry has been under discussion than the plan—which bids fair to come to reality—of establishing an "Alpine village" in the Laurentian hills north of Montreal. On these hills the snow comes early and stays late. They are within an overnight run by train (and a few hours by plane) from the largest sports market in the world, embracing such large centres as New York, Boston, New England, Montreal and Toronto.

The plan is to put in ski runs, chalets, inns. European chefs will be brought out to train French-Canadians in the delicate arts of European cookery. Others will be brought out to teach Canadians how to weave, carve and make other handicraft and souvenir goods. Manufactures will include skis, sports clothes and similar products associated with winter and summer sports.

It is hoped that from this enterprise there may spread through the Province of Quebec a type of handicraft and tourist business that will make of the province a veritable Switzerland of the new world.

In some town or city in Ontario a real silk plant is to be established, while in another a small factory is being taken over for the manufacture of Bohemian art glassware.

B. C. Rayon Plant

One project that has received much enthusiastic publicity is an artificial silk plant for British Columbia. Figures in the neighborhood of $2-$2.5 millions have been mentioned. It seems likely that the plant will become a reality but may be much smaller than such figures would indicate.

A whole floor has been taken in a factory building in Toronto by two European chemists who formerly operated in Australia and Czecho-Slovakia. They plan to produce a patented carburizing compound for hardening steel, a liquid for waterproofing canvas fabrics and bags, and a solution for cleaning and sterilizing bottles. This is the group with which a Toronto publisher has associated himself and which got a good deal of publicity the other day out of its reported proposal to utilize the waste liquor from paper mills as a raw material.

In Huntingdon, Que., a Polish group is laying plans for a woollen mill. The group has bought a plant and plans to employ 150 persons at the start.

At Levis a Belgian is establishing a plant for the manufacture of aluminum pots and pans.

Arms Plant Possibility

Still in the speculative stage—outwardly at least, although the project may be more definite than has been admitted—is the proposal of the Schneider-Creusot armament firm of France to establish a plant at Sorel. Eugene Schneider, head of the firm, has been in Canada conferring with Joseph Simard, Quebec province industrialist and dredging contractor, regarding the proposal. Schneider-Creusot held a part interest in the Skoda works in Czecho-Slovakia, now under German control as a result of Hitler's conquests.

Still another enterprise that is only being explored as yet involves a world-famous Austrian furniture company.

No movement attaining such proportions in so short a time can possibly develop without generating some structural weaknesses. There are bound to be failures and disappointments.

One industrial commissioner reported that he had run into a few cases where the European industrialists did not seem to be fully conscious of the differences between the markets they formerly operated in and the Canadian market with its far-spreading distances, its high travelling costs, etc. He expressed the opinion that Dominion and local authorities should be most careful in assuring themselves that any new project had a reasonably good chance of success.

Any substantial number of failures would have a seriously adverse effect upon Canada. Not only would workers be disappointed but word would be sent back to Europe that Canada was not the sort of industrial country it had been represented to be. Canadians would feel let down after having high hopes encouraged.

Hazard Recognized

There is reason to believe that immigration authorities at Ottawa and the better established industrial commissions are conscious of this hazard and are putting a great deal of emphasis upon hand-picking the industries offering themselves. It is argued that it is better for an industry never to be established, or to set up on a modest trial basis, than to operate on a successful basis for only a few months or a few years at most.

The two railway companies, through their immigration and development departments, have been very active in interesting European manufacturers in the opportunities existing in this country. With Ottawa adopting a policy of letting the industries come in but not going after them, the burden of selling Canada has been left largely to the railways, local industrial commissioners and the agents of Canadian power companies.

There has been some mild show of resistance from existing Canadian industrialists. It was most marked in the case of the Bata shoe enterprise, which aroused a concerted campaign from the boot and shoe industry, disturbed by the knowledge that Bata operations have effected marked changes in producing and selling techniques in every market entered.

An additional factor was the consideration that most existing plants lease their machinery from the United Shoe Machinery Co. and pay substantial royalties for the privilege, while the Bata interests have developed and made their own machinery.

Opposition Limited

There has not been concerted opposition to many of the other ventures. Some of the plants will produce goods not now made in Canada. Others are already selling goods in Canada and their entry into this country may not necessarily increase their sales here. And, in the final analysis, every industrialist is community-minded and is desirous of seeing his own town built up. So he joins in the merry chase for new factories.

How far the movement will progress no one can say. But it seems, from present indications, that it is off to a good start. There will likely be no diminution in the migration of factories, from the war-torn old world to the comparatively peaceful new world, until the present number of new job-creating plants has been vastly increased.

In the meantime attention is being directed to the comments of Sir Edward Beatty, chairman and president of the Canadian Pacific Railway Company, who has just returned from the Old Country enthusiastic about the possibilities for new industrial development in Canada financed by European capital and inspired by European industrial enterprise.

Campaign Warms for "If-No-Crisis" Election

By A. GRANT DEXTER

For the first time since Confederation, an election campaign is in full swing without any party—Opposition or Government — having the faintest idea if polling day will be this fall or next year.

The campaign to date has produced a swing of political opinion these past three months enough to spin the head of the most seasoned campaigner.

Last May the Government had its tail down; was in full retreat. Virtually all of the top-heavy Liberal majority in the Commons contemplated a 1939 election as a San Franciscan would an earthquake. The opposition groups were ardently clamoring for an election.

Early in June came a remarkable upswing in Liberal confidence. After the session, Liberal members went home, inspected the political fencing, reported that a miracle had happened. Prospects were good; they believed they could be elected. The Government was bombarded with demands for a dissolution.

Then Dr. Manion, Conservative leader, took to the hustings, began his election campaign. So did the C.C.F., while Hon. W. D. Herridge's New Democracy movement became a thing of words rather than of dreams.

Government Holds Back

With three parties already in the field, foraging and skirmishing, only the Government held back. And yet the odds, early in July, were nine to one that the election would be in October and even today most people think of the campaign as a certainty.

As a matter of fact, the odds for an election this fall are no better than 50-50 and the explanation is simple and convincing. Despite more optimistic public reports from Europe, the dispatches reaching the Government give no sure hope that this year will turn out differently from 1938.

Moreover, nobody now believes that there can be a second Munich. A crisis this fall would result either in an unprecedented retreat by Hitler, or war.

Bar to Dissolution

So long as this situation continues, the Government cannot dissolve Parliament. The great majority of the Government's supporters continue to clamor for an election. Practically all of the Cabinet are enthusiastic for one. But the facts in the situation are iron-clad, inescapable.

Between the day when Parliament is dissolved and polling day, there must be a gap of about 55 days. This time is needed for the mechanics of preparing for the voting. After the election, another month is required to get the writs back to Ottawa and assemble the new Parliament.

Thus, from the moment of dissolution to the reassembling of the new Parliament, there is a gap of three months during which there will be no parliament. There will be only a government which has decided that its mandate from the people no longer holds.

For such a government to deal with the issue of peace or war is regarded at Ottawa as impossible. Moreover, everything that Premier King has said regarding Canada's position with respect to war would rise against him if he exposed this country to such an experience.

Mr. King has said that it is for parliament to decide whether or not Canada will participate in war; that the Government's first act will be to summon Parliament and lay the facts before it. This country, however, would never agree to postpone so vital a decision for three months or for any substantial part of three months, so that the prospect of a crisis abroad is an insurmountable barrier to an election.

At the last session of the cabinet, this situation was canvassed from every angle. There were reports from the Liberal members, from each member of the cabinet—all of them urging an election in October. But this would require dissolution before the end of August, whereas the fear of a crisis cannot evaporate until the end of September.

And if Parliament is not dissolved until the end of September, polling day could not be fixed earlier than the last week in November—and nobody relishes a winter election.

There the issue stands. Conceivably the Government will decide to take a chance. But it is not reasonable to expect this unless the Government's dispatches improve mightily in tone these next few weeks. Nor is it reasonable to expect Mr. King to announce a general election when he speaks in Toronto on August 8. The most he is likely to do is to explain why he cannot do so.

Election Outlook

With this explanation, which seems not to have penetrated through the campaign ardor of the Opposition parties, the swing of party fortunes may be examined. It should be viewed against the background of the existing party position.

This House of Commons, like the one that will succeed it, is composed of 245 members. No Government could hope to manage the house with fewer than 130 members. At the moment (ignoring the West Calgary vacancy) the group strength is as follows:

Present Party Standing

	Lib.	Cons.	C.C.F.	Others
Maritimes	25	1	.	..
Quebec	60	5	.	..
Ontario	56	25	.	1
Manitoba	15	..	2	..
Sask.	16	1	2	2
Alberta	1	1	.	15
Brit. Col.	7	5	3	1
Yukon	..	1	.	..
	180	39	7	19

The one sure forecast of an election is that the Liberals will lose heavily. The unknown factors are: How much, and to whom.

The best way to get to the roots of the present political situation is to examine each party in turn.

Liberals Confident

The optimism of the Liberal party, which remains undiminished, is based partly upon definite facts and partly on hunches. The party has found that while it is not popular, it is not disliked in the sense that the Bennett Government was disliked. There is no public enthusiasm for the King Government, but no hatred.

And the Royal Tour is credited with having improved greatly the public's attitude toward Mr. King. People do not throw their hats in the air for him, but they tolerate him.

The party has discovered, to its infinite relief, that Dr. Manion's punches do not hurt. Dr. Manion has been walloping the Liberal Government for a month. The Liberals feel like the prize fighter who has taken the hardest punch his opponent can land—taken it right on the button — and finds that it doesn't hurt.

Then, too, the opposition groups have been unable to gang up on the Government and there are rosy prospects of many splits in the anti-Government vote. This should mean seats, particularly in Saskatchewan.

There are the stirrings of better business and the country is always quick to scent the prospect of prosperity. The West is green and those rugged chaps on the prairies are much easier to handle when there is a crop in prospect.

In the Maritimes

In the Maritime Provinces, Liberal hopes are pitched very high. In Nova Scotia, Premier Angus Macdonald stands like a rock in a weary land. He will throw his full weight into the scales and undoubtedly he is a formidable public man. Moreover, he will be sent on tour across the country.

To digress for a moment, this Angus Macdonald is by common consent regarded as the coming man in the Liberal party. Right now, he is a potential successor to Mr. King. He is a man to be watched.

In New Brunswick, the Liberals concede a few seats to the Conservatives in the southern areas of the province. In all, the Liberals do not expect to lose more than three or four seats in the Maritimes.

From the Liberal point of view, Quebec has never been more promising. Each recurring European crisis brings floods of adherents to the banner of Lapointe. The reason is that Quebeckers desire, above all else, to elect a Government that will not bring in conscription in the event of war.

Are they to place their trust in Lapointe or in Dr. Manion, who broke with Laurier on conscription and, until he was a candidate for the Conservative

(Continued on page 16)

Pulp and Paper Industry

The Publishers and the Papermakers

Current Developments Threaten Industry, Says Hon. Frank Carrel

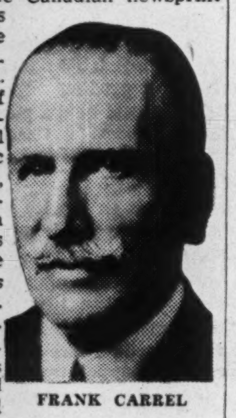
The difficulties besetting Canada's newsprint industry, and the factors bearing on prorating as a solution for the industry's ills, were surveyed in a series of four articles by R. W. Finlayson in recent issues of The Financial Post. To follow up these articles and further satisfy the widespread interest they aroused, The Post publishes below a thought-provoking interview with Hon. Frank Carrel of Quebec. The problems of the newsprint industry have been his dominating interest for the past 15 or 20 years.

Mr. Carrel, former publisher of the Quebec Chronicle-Telegraph, takes a strong stand against the prorating policies imposed by the provincial governments. He reiterates his proposal for a permanent commission to close what he fears is the growing breach between Canadian newsprint producers and their best customers—American newspaper publishers. He also voices a vigorous warning against the effect on Canada of efforts being promoted by American publishers, to develop non-Canadian sources of paper, not only in both the Northern and Southern states but also in Alaska.

The Financial Post does not necessarily endorse all the views of Mr. Carrel, but invites informed comment and discussion on both his statements and those of Mr. Finlayson.

From Our Own Correspondent

QUEBEC.—Warning of developments which he regards as serious threats to the Canadian newsprint industry was voiced here by Hon. Frank Carrel, member of the Legislative Council of Quebec Province, upon his return from a four weeks trip to the United States Pacific coast.



FRANK CARREL

In extending the contacts he has developed over a period of years with American newspaper publishers, Mr. Carrel says he discovered evidence of a serious and growing cleavage between U. S. newsprint buyers, Canadian producers and provincial governments. He also learned, he told The Financial Post, in an exclusive interview, that the United States Government is showing a growing inclination to yield to demands of U. S. publishers for development of newsprint supply sources other than Canadian.

Former publisher of the Quebec Chronicle-Telegraph, Mr. Carrel urged that both provincial and Dominion governments take immediate steps to survey the disturbing situation of the newsprint industry. He again advanced his long standing proposal that a permanent body be set up to iron out the differences between newsprint producers and paper buyers in the U. S., and to close the widening breach between these interests before it is too late.

Finds Cleavage Developed

In addition to attending several meetings of companies in which he is interested, Mr. Carrel interviewed a number of the leading newsprint consumers between Chicago and Seattle, to obtain their reaction to the policies of Canadian newsprint manufacturers and provincial governments. Between the three groups he found a serious cleavage had developed.

The results of this were thus outlined by Mr. Carrel:

"I believe pressure has been brought to bear upon the United States Government at Washington, by the American newsprint consumers, a very powerful group in our neighboring country, to aid them financially and otherwise in obtaining other sources of newsprint supply than Canada. This strong influence has been very effective with the American Federal Government.

"During the past few years several million dollars have been subscribed toward the erection of an experimental mill to manufacture newsprint out of southern pine slash. This mill is now building in Texas and will be ready to produce newsprint within another year.

"The product at first will probably not be, by any means, of as good quality and color as that produced in Canada, but the feelings of the Southern publishers are so affected in their treatment by the Canadian manufacturers and our provincial governments that they will, no doubt, use this product under any circumstances, in their newspapers. It is also the belief of many northern consumers of Canadian newsprint that with applied science in chemistry and laboratory research this newsprint will improve with time and probably will supply a large portion of the Southern States with their newsprint requirements.

"It is said that the International Paper Company, with far-seeing vision, have a number of plants in the southern pine forests now manufacturing kraft paper. If the government experimental mill is a success they will quickly turn over these plants to the manufacture of newsprint.

Publishers Cut Purchases

"During the past week or two it has been announced in the newspapers that the United States Government has further subscribed several more millions toward the erection of a newsprint mill in the northern states. While I did not find such an indignant or agitated class of newsprint consumers in the West as I did in the East, I did discover that every newspaper publisher was devoting all thought to the reduction of his newsprint consumption owing to the fact that he is under the impression that the Canadian producers and their governments are not giving them a fair deal.

"I found that nearly all the publishers have cut the white space surrounding the pages of their newspapers, which means a reduction of 2% on the general newsprint consumption in the United States. In other offices I found that the publishers are seriously considering cutting out the heavy Sunday supplements. This, of course, would have to be done by mutual agreement on the part of all publishers of a city or district.

"In one of the large western cities the proprietor of a newspaper stated that his next move would be along these lines as he was sure that his competitors would join him. All this means lowering the consumption of newsprint in the United States. Of course, a war would immediately send the demand skyward, but such an event is not thought probable, at least for this year."

Urges Permanent Commission

Mr. Carrel recalled his suggestion for the appointment of a permanent committee or commission representative of the two big interests, the Canadian manufacturers of newsprint and the American consumers. If this had been established over five years ago when he advocated such a solution for the growing cleavage between these two interests, the troubles of today would have been obviated, he declared.

Mr. Carrel continued:

"Furthermore, I have not interviewed a single American newsprint consumer who has not supported my plan. On the other hand, I have not met a newspaper proprietor or publisher who has not volunteered the assertion that he and all other American newsprint consumers are willing to pay the Canadian newsprint manufacturers a fair price for their newsprint. But they want a guarantee that they will be able to depend upon a continuity of supply and fair prices. They also feel that they should not be forced to pay for the errors of this industry in the past quarter of a century.

Angry at Governments

"But they are more incensed by the interference of our provincial governments than anything else. This is like a red rag to them. They state, and in this statement they have the full support of a large number of the general public and Canadian publishers, that they should not be expected to pay a price for newsprint established upon a prorating plan forced upon the newsprint manufacturers by our provincial governments, and which has uneconomically increased the cost.

"Why should they be compelled to pay the Canadian newsprint manufacturers such prices in order to keep up a number of high cost mills? When the shoe was on the other foot, when Canadian newsprint manufacturers some years ago were flooding the American market with low priced newsprint, the American were compelled to close up a large number of high cost mills in that country, which only opened from time to time as the price of newsprint went up again.

"Today, owing to the interference of our provincial governments, particularly those in Quebec and Ontario, all the mills have to be kept open and are prorated. The result is that they are only running at 50% of their production with all the overhead expenses added to the cost of newsprint, which is not only illogical but unfair and uneconomical.

"I took this stand publicly some years ago and I have not changed my opinion since. This action on the part of our governments has incensed our American newsprint consumers who I believe are now pressing their government at Washington to spare no efforts and means in order to find other sources of supply of newsprint."

Threat of Alaska

Mr. Carrel pointed out that over 15 years ago he warned the Canadian people and Canadian governments, through his newspaper and in his public addresses, that there was a growing danger in formulating any unpopular government measures which would interfere with this trade. He argued then that such moves would likely force the American Government to spend millions of dollars in developing the Alaskan newsprint forests.

This has materialized, he told The Financial Post. Enlarging on this, he said:

"The American Government has for many years been in possession of considerable information as to their enormous Alaskan forests for the manufacture of newsprint. But they have held and still do hold the thought that they will not start on any aggressive development of them until those, in Canada and the United States are depleted. Unfortunately, the present pressure of our best customers, a powerful group of newsprint consumers in the United States, is no doubt forcing the American Government to hurry this development, which they would probably have allowed to remain dormant for a number of years.

"As evidence of this I might say that I had the opportunity while in Seattle of meeting the head of the forestry department of the United States Government, who had just returned from an inspection tour of the forests of eastern Alaska, known as the Tongas National Forest in southeastern Alaska. This gentleman, who probably knows more about the forest industry than any other man in the world, has travelled through Russia and all the European countries in search of data in order to visualize the future and form plans for the development and supply of newsprint to the American consumers.

"He told me that he believed that 'under the American plan, the Tongas Forest can supply seven pulp mills with a daily output of 500 tons each for an indefinite period, that is perpetually, because new forests could be grown in time to keep up the supply.' He believes that some day Alaska will be supplying the world with newsprint.

Scientific Development

"This gentleman made several interesting statements which could be noted with profit in Canada. He revealed that his government was making plans for the development of the Alaskan forests on what is probably the most scientific basis of any forest operations ever conceived by any government. The American Government will develop the Alaskan forests in such a way that they will be perpetually preserved.

"In connection with this plan much attention will be given to the protection of fish and game, particularly fish. It has been discovered by the forestry department of the United States that it is not the chemicals from the newsprint mills which destroy fish so much as the extremely fine fibres lodging in the gills of fish, in the streams into which the pulpwood mill waste has been poured. There are several remedies, such as a fine screen for example, and the American Government will pay much attention in their plans to the pollution problem.

Ray of Hope

"There is one ray of hope for our Canadian newsprint industry. That is in putting into force the suggestion I offered several years ago in order that the present cleavage between the Canadian newsprint manufacturers and the American newsprint consumers should be cleared up as quickly as possible. It is not the intention of the American Government to proceed with anything further than speeding up their plans for the inspection and operation of the Alaskan area in preparation for one of the most gigantic forestry movements ever conceived by any nation in the world.

"It is not likely that any competition in the supply of newsprint in the United States from the Alaskan forests will materialize for at least another decade or two, or until forests in both the United States and Canada are depleted. But in the meantime, the provincial and Dominion Governments should follow immediately the example of the United States, and survey the present unsatisfactory condition of this industry in order to clean house, and begin a new slate in our dealings with our best customers across the line."

In every newspaper office he visited, said Mr. Carrel, he found a strong and friendly desire to cooperate with the Canadian manufacturers. But it was essential, he felt, to remove the suspicion and resentment which "our follies, errors and all-advised policies, government and otherwise, have helped to create—a relationship the opposite of what should exist between seller and buyer."

More Paper Used in U. S.

Newsprint Consumption in June Up 7.4% Over Last Year

From Our Own Correspondent

MONTREAL. — Increased newspaper advertising is resulting in an improved trend in newsprint consumption in United States.

American publishers reporting to the American Newspaper Publishers Association used 224,198 tons of newsprint in June. This is an increase of 15,353 tons, or 7.4% over the same month last year, and is the third consecutive monthly gain reported by publishers. Increases in the two previous months were not as large.

On the basis of the A.N.P.A. figures, it is estimated that total newsprint consumption by all publishers in the United States amounted to 291,166 tons in June as against 267,796 tons in the same month last year.

Total newsprint consumption in U. S. in the first six months of the year is estimated at 1,738,493 tons as against 1,714,487 tons in the first half of 1938.

Stocks Gain

Newsprint stocks of publishers reporting to the A.N.P.A. amounted to 229,142 tons as of June 1. During the month they received 226,039 tons and used 224,198 tons. A total of 535 tons was sold, leaving 230,448 tons on hand at the end of June. Newsprint in transit at the end of June amounted to 47,737 tons, so that total stocks of publishers reporting to the A.N.P.A. were 278,185 tons.

As noted above, the increase in newsprint consumption reflects gains in newspaper advertising. Newspaper advertising in 52 leading United States cities in June showed the fourth consecutive monthly increase when it advanced 6.7% over June, 1938. This is the largest monthly gain so far this year.

The consumption figure reported by the American publishers is good news for newsprint security holders. Not so encouraging is the increase in both publishers' and manufacturers' stocks.

Mill Stocks Up

North American mills reported an increase of 6,632 tons in stocks last month, bringing the total to 291,995 tons, which is an increase of 4,552 tons as compared with the end of June last year.

The A.N.P.A. figures show stocks of 278,185 tons at the end of June as compared with 268,393 tons at the end of May. Since these figures are based on stocks of publishers who use about 77% of the U. S. newsprint consumption, it is estimated that total publishers' stocks were 361,191 tons.

The aggregate of both mill and publishers' supplies at the close of June totalled 652,186 tons. This compares with 634,044 tons at the end of the previous month, a net gain of 18,142 tons.

Japan Seeking Pulp Substitute

Efforts to Date Have Not Been Very Successful

From Our Own Correspondent

MONTREAL.—Efforts in Japan to produce pulp from sources other than wood have been disappointing, according to a report from the office of the U.S. commercial attache at Tokyo.

The principal difficulties encountered have been lack of the necessary technical skill required to produce such material, difficulty of access to adequate supplies of raw material and considerably higher production costs than were originally anticipated.

Approximately 21 firms have a total authorized capitalization of 237,025,000 yen (approximately $64,637,000) have been organized for the purpose of producing a woodpulp substitute. Only eight of these firms have been successful in producing a finished product beyond the experimental stage.

The action of the Japanese Government in restricting imports of wood pulp has encouraged research to find a substitute for it.

B. C. Pulp and Paper Operations Improve

From Our Own Correspondent

MONTREAL. — British Columbia Pulp and Paper Co. reports improvement in its operations. During the first half of the year the company operated at about 50% of capacity, but recently production was stepped up to about 100% of capacity.

At the present time more than 50% of the company's output is bleached sulphite for paper-making and slightly under one half is for rayon.

The erection of a plant by Vancouver Rayon Silk Ltd., may mean a new important market for high-grade pulp of the company. There will, however, be no demand from this source until the mill for rayon thread has been built.

Steel Co. Sales Show Increase

Steel Strip Mill Deferred — Tin Plate Mill Studied

From Our Own Correspondent

MONTREAL. — During May and June there was a decided improvement in the shipments of Steel Co. of Canada, according to a statement by Ross H. McMaster, president. As a result, sales for the half year ended at June 30 exceeded those of 1938 by a slight margin.

Profits for the first half of the year were below those of last year for the same period because of the lower prices prevailing. However, the outlook for the fall is favorable, according to Mr. McMaster, barring adverse developments in Europe.

Defer Strip Steel Mill

Plans of Steel Company of Canada for the erection of a strip steel mill have been deferred, but its engineers are working on a revised scheme to embrace the production of tin plate and kindred lines. In this connection, Mr. McMaster has the following to say:

"As already announced, the threat of war has made it inadvisable to embark upon any plans as comprehensive as the proposed strip steel mill. Because of the limited time provided in the Act, we are, unfortunately, prevented from taking advantage of the income war tax rebate made available under amendment passed at the last session of Parliament.

"It is hoped, however, that results achieved by this legislation may suggest an extension of the period, or possibly a more direct method of assistance may be found more suitable, for the reason that it is quite impossible to complete any extensive project within a period of twelve months.

Ask Sales Tax Release

"The cost of such an installation in Canada would be considerably higher than similar mills elsewhere with which we would require to compete. This would establish a continued burden in respect to the increased annual interest and depreciation charges.

"We had hoped, therefore, that the machinery not available in Canada might be admitted free of duty, particularly when intended for the production of steel already permitted free entry. Our representations to the Government also suggested release from the sales tax in respect to equipment and materials entering into strictly new productive enterprise.

"It is our belief that this would be a less cumbersome and a more effective means of applying the same principles which recent legislation has recognized.

"Our engineers are presently working on a revised scheme to embrace the production of tin plate and kindred lines which will involve a lesser expenditure but will permit of extension at a later date to complete the original plans."

Less Pulp and Paper Loaded by Railways

From Our Own Correspondent

MONTREAL. — Car loadings on Canadian railways of pulp and paper in the week ended July 22 amounted to 1,615 cars. This is a reduction of 207 cars as compared with the previous week and 221 cars as compared with the same week of 1938.

The cumulative total for the current year to July 22 shows an increase of 4,289 cars of pulp and paper over the corresponding period of 1938. Shipments for the period total 64,468 cars. Of the increase, 3,770 cars were accounted for by the eastern division, and 519 cars by the western division.

Car loadings of pulpwood continue to show a decline as compared to last year. The cumulative total for the year to July 22 is 26,879 cars below the same period of 1938, the total being 32,296 cars. The decrease in car loadings of pulpwood on the eastern division is 15,739 and on the western division 11,140.

Imperial Airways Starts Transatlantic Service

From Our Own Correspondent

MONTREAL.—Imperial Airways has announced inauguration of British trans-Atlantic air service between the British Isles, Canada and the United States on Aug. 5. Preliminary service across the ocean was started some weeks ago by Pan-American Airways.

Two specially built flying boats—Cabot and Caribou—will be used for the test air mail service, which is to maintain a regular weekly schedule through August and September. Start of Imperial Airways service was held up by delay in delivery of the aircraft required and necessity of testing the refueling of machines while in flight.

About 25,000 letters, or 1,000 lb. of air mail, can be carried on each of the trans-Atlantic flights. With the inauguration of the trans-Atlantic air mail service Imperial Airways will be providing air mail service to each of the five continents.

Street Car Pact Likely Renewed

From Our Own Correspondent

VANCOUVER. — Continuation for at least a year of Vancouver's seven-cent fare agreement with the B. C. Electric Railway, operating subsidiary of B. C. Power Corp. is likely to be approved by the city council this week.

The present agreement probably will continue until such time as the city is able to present a demand for fare reduction to the newly appointed public utilities commission. B. C. Electric is willing to extend the contract and make a slight increase in the annual $125,000 contribution to the city for the use of streets, according to W. G. Murrin, president.

Mayor Telford is still talking of granting a bus franchise to an independent corporation, but the city's powers in this connection are believed to be limited, and the scheme is not yet in concrete form.

Output of Power Up 13% in June

Increase in Production Is Shown by All Economic Areas

From Our Own Correspondent

MONTREAL.—Output of central electric stations in Canada totalled 2,245 million kw.h. in June, an increase of 13.4% over the same month last year. The index number, adjusted for seasonal variations, rose to 238.77 as compared with 235.53 for May and the peak of 239.83 in June, 1937.

Output for the first six months of the year totalled 13,743 million kw.h. as against 12,718 million kw.h. in the same period last year.

Returns by economic areas show that all sections reported an increase in production. Comparative figures for June follow:

(Thousands of kilowatt hours)

	1939	1938
Maritimes	62,491	59,274
Quebec	1,211,302	1,018,653
Ontario	637,696	585,107
Prairies	137,269	128,218
British Columbia	160,640	148,310
	2,209,398	1,939,562

Consumption Rises

Consumption of firm power, calculated by deducting exports and deliveries to boilers from the total output, amounted to 1,586 million kw.h. This compares with 1,623 million kw.h. in May and 1,470 million kw.h. in June last year. Comparative figures of consumption in June follow:

(Thousands of kilowatt hours)

	1939	1938
Maritimes	76,803	72,917
Quebec	924,956	789,703
Ontario	762,901	657,336
Prairies	158,363	148,137
British Columbia	159,243	146,749
	2,082,266	1,814,842

Exports to the United States amounted to 163 million kw.h. compared with 158 million kw.h. in 1938. Deliveries of secondary power to electric boilers rose from 344.8 million kw.h. last year to 495.5 million kw.h.

Quebec Shows Large Deficit

Prospectus Shows $43.8 Millions Deficit for Nine Months

From Our Own Correspondent

MONTREAL. — Overall deficit of the Province of Quebec in the nine months ended March 31, 1939, was $43.8 millions. This is revealed by the prospectus covering the offering of $30 millions of Quebec bonds in the United States.

No forecast of results for the fiscal year ended June 30 is made, but report for the first nine months indicates gross deficit will exceed $50 millions by a good margin.

Thus, the deficit will be substantially higher than in the year ended June 30, 1938. Total deficit in that year is shown by the prospectus at $35.1 millions.

Source of Deficit

Ordinary revenue in the nine months ended March 31 amounted to $41,598,740 and ordinary expenditures to $39,054,533, leaving a surplus on ordinary accounts of $2,544,207. Extraordinary and capital expenditures totalled $10,856,666 and $35,574,478, respectively, leaving an overall excess of expenditures over ordinary revenues of $43,886,937.

The prospectus states that the substantial increase in extraordinary and capital expenditures during the nine-month period is largely due to unemployment relief, especially public works relief expenditures. It also states the Government "expects to bring about a substantial reduction in expenditures for unemployment relief" in the current fiscal year, partly as a result of a cut in public works to replace relief, which will be replaced to a large extent by road building. Another factor will be a larger contribution by the Dominion Government.

Government's Plans

The prospectus also states

"With respect to capital expenditures, including in particular the road construction programme, it is the intention of the Government so to arrange its finances that it can meet its requirements by providing additional revenue sufficient to pay interest on and amortize its capital expenditure borrowings within the life of the capital projects.

"The government intends to maintain the principle of a surplus in its ordinary accounts, which has been accomplished since the fiscal year ended June 30, 1936, and to take all necessary steps to reduce and eventually eliminate the excess of total expenditure over revenue, with the exception of such capital expenditure as may from time to time be necessary for and beneficial to the people of the province."

Debt Increases

Gross funded debt at March 31 is shown at $285.5 millions, floating debt at $28.5 millions and liability to trust and other funds at $7.6 millions, making a total direct debt of $321.6 millions. Direct net debt is shown at $252.8 millions as compared with $212 millions at June 30, 1938.

Can. Pacific Net Doubles in June

Improvement Is Due to Higher Revenues, Lower Expenses

From Our Own Correspondent

MONTREAL. — Net earnings of Canadian Pacific Railways from rail operations in June were more than double those of a year ago, amounting to $1,063,318.

As in the previous month, the improvement was accounted for by an increase in gross revenues and a decrease in working expenses. Gross earnings increased by $209,213 and working expenses were reduced by $342,696.

For the first six months of the year, the C.P.R. reports an increase in net earnings of over $2.6 millions. This is accounted for by a decrease of $2.1 millions in working expenses, and an increase of $520,315 in gross earnings.

Month of June

	1939 $	1938 $
Gross earnings	10,354,157	10,144,944
Working expenses	9,290,839	9,633,536
Net earnings	1,063,318	511,408

Six Months Ended June 30

	1939 $	1938 $
Gross earnings	61,807,844	61,287,528
Working expenses	56,456,501	58,606,500
Net earnings	5,351,343	2,681,028

LARGER INTERIM DECLARED

Ontario Steel Products Co. has declared an interim dividend on its common stock of 60 cents a share, payable Aug. 15, 1939 to shareholders of record Aug. 4. The last previous dividend was 50 cents a share paid Aug. 15 of last year.

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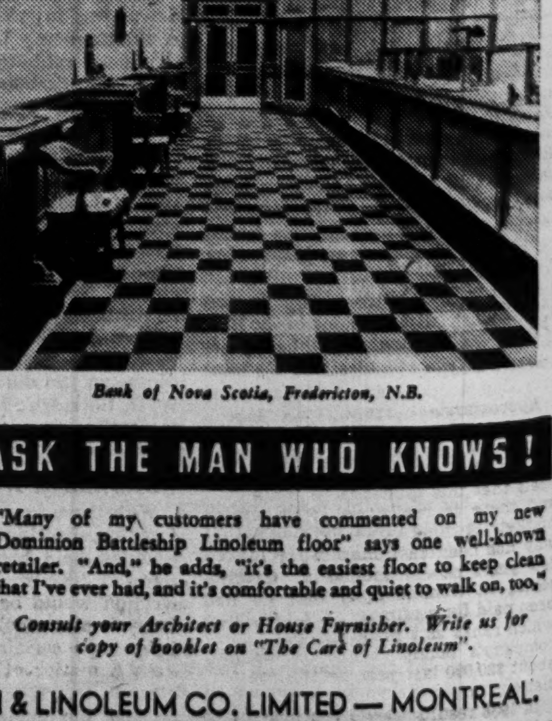
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Dominion Woollens

Is there any possibility for an improved showing this year of Dominion Woollens?

Dominion Woollens and Worsteds has experienced better business in the current year. Volume of shipments to date has been slightly larger than in the corresponding period a year ago, and unfilled orders are well above those of the same date last year.

Economies resulting from the closing down of the Auburn mills, Peterborough, and consolidating them with the Hespeler mills last year, are being reflected in current operations. Prospects are also brighter than for some time. In 1938, earnings declined substantially because of lessened demand for the company's products and highly competitive conditions in the industry. Lower wool prices and declines in the value of the pound sterling also had a detrimental effect on earnings.

Results for the year showed a net loss of $182,796 against a net profit of $521 in the previous year. The company underwent a capital reorganization in 1935 and bond interest became a fixed cumulative charge from July 1, 1937. With the July 1 payment of the current year, the company had made four consecutive payments on these bonds.

Write-down of physical assets was made necessary by consolidation of operations during 1938 and certain assets were also written off. This resulted in reduction in capital surplus account from $519,626 at the end of 1937 to $82,239 at the end of 1938. Deficit in the surplus account amounted to $1,183,612 at the end of the year.

Working capital declined in 1938 to $456,660 from $678,673 shown at the end of the previous year. Inventory declined from $1,101,773 to $760,605. This is the lowest point in the company's history.

Electrolux

Would you be good enough to tell me something of the business of Electrolux Corp., its dividend record and earnings?

Electrolux Corp. manufactures and distributes in the United States electric vacuum cleaners and air purifiers under the trade name of "Electrolux." The company reported an increase in net profits up to 1936 when they reached a peak of nearly $3.7 millions. They fell off in 1937 to under $2.5 millions and in 1938 to $2.6 millions. The share earnings during the same period increased to $2.44 a share in 1936 and dropped to $1.65 a share in 1938.

Working capital position of the company has been well maintained, but the 1938 accounts show a bank loan of $1 million which was incurred due to the necessity of retaining sufficient funds, during liquidation of Electrolux Inc., to satisfy all its liabilities, including Federal and other taxes. Apart from this reservation of cash, however, the president states that a loan of $200,000 to $300,000 would have been carried for other requirements.

With the increase in earnings the company increased the dividend on its stock to a peak of $2.20 a share in 1936. This rate was maintained in 1937, while in 1938 it was reduced to $1.60, or 40 cents a share quarterly. Currently the company is paying a dividend of 30 cents a share which brings the distribution in line with current earnings, which amount to 66 cents a share in the first half of 1939 as against 98 cents in the same period a year ago.

Investor's Syndicate

I have been urged to turn in a savings certificate which I bought from Investor's Syndicate five years ago. Will you discuss this and tell me if this company has any investments in Canada?

One factor against cashing in on the Investor's Syndicate certificate at present would be the fact that this certificate will not accumulate sufficient cash surrender value until it is in force about seven years to equal the amount that you paid in. Thus by surrendering your certificate now and taking its cash value you would probably be accepting a fairly substantial loss. It might also be pointed out that your certificate, bearing interest at 5% is a more favorable contract than could be obtained at present.

Investor's Syndicate claims to have a Canadian investment which is greater than liabilities to certificate holders resident in this country. But the Canadian securities are not segregated, or set aside, to be used only in satisfying the demands of Canadian certificate holders. They are lumped as a part of the total assets of the company. The company, however, is licensed to do business in the country and must conform with the laws which require that it must at all times have securities with a value greater than the amount of its contingent liability to certificate holders.

Algoma Central

What is the approximate market for Algoma Central & Hudson Bay Railway 5% bonds? Will you outline the investment outlook for these bonds?

Approximate current market on the 5% bonds of Algoma Central & Hudson Bay Railways is from three to four. Enquiry among dealers reveals that this quotation is nominal and there is really no established market. Earning power of this railway has been restricted for quite a few years now. After allowing for rental on terminals, which has not been paid for a number of years, but which ranks as a prior charge to the company's bonds, it had a loss of about $20,000 last year before depreciation.

In 1938 results were somewhat less satisfactory than in the preceding year, and the company has not been able for several years to demonstrate ability to earn interest on these bonds. Interest on the 5% first mortgage income debenture stock and bonds is payable only to the extent that it is earned, and such interest is cumulative from Dec. 30, 1930.

The Ontario Government has filed a writ claiming $1.4 million from the railway for the balance due to the Government on account of corporation tax, together with interest and penalties. It is not known as yet what disposition will be made of this claim, although it is quite possible that some settlement could be arranged for a smaller amount.

The territory served by the company is not very productive of traffic. Chief freight items are pulpwood and the products of the mines in the district. For the past couple of years pulpwood traffic has been restricted but the opening of the new Helen Mine last month by Algoma Steel Corp. gives promise of some additional freight from this source.

In the report for 1938, E. B. Barber, president, pointed out that drastic reduction in woods operations on account stocks carried over from 1938 indicated that traffic for the first half of this year would be lower. While revenues for mining operations should improve considerably over 1938, general business conditions indicate a lower trend for the whole of this year, he said.

Dominion Gas & Electric

Will you outline the position of the 6½% collateral trust bonds of Dominion Gas & Electric Co.? Are these bonds secured by a first mortgage?

The 6½% collateral trust bonds of Dominion Gas & Electric Co. are not secured by a specific mortgage but by shares of subsidiary companies operating in Alberta and Saskatchewan. Interest requirements on these bonds have been covered after depreciation in each year since 1932. Last year net earnings were equivalent to 2.34 times the total fixed charges of the company after depreciation, slightly less than the 2.54 times shown for 1937.

Subsidiary companies have a long term debt amounting to around $5 millions outstanding of their own which would rank as a senior charge to the 6½% bonds of the parent company. Reduced gas output and gross revenue for last year is stated to have been due to the relatively milder weather in the winter. An increase in electrical output reported represents a further expansion of the business and activities of Canadian Utilities, an operating company serving 94 communities in Alberta and Saskatchewan.

Operating subsidiaries are well established in their respective fields and the parent company's income from its investment in these companies has shown an upward trend for the few years preceding 1938. This is regarded as reasonably satisfactory performance in view of the difficult economic conditions prevailing in the Prairie Provinces.

While these bonds could not be ranked among the best grades of industrial obligation, their earnings record and relatively attractive yield of just under 6½% might make them suitable for an investor prepared to accept a certain amount of risk.

Union Gas Co.

Will you give me a review of recent operations of Union Gas Co.?

Union Gas Co. of Canada is both a holding and operating company. The company and its subsidiaries supply natural gas to a steadily growing number of customers throughout the greater part of southwestern Ontario, including London, Windsor, Sarnia and Chatham. Union Gas also controls the sale of natural and artificial gas in the Hamilton area jointly with Dominion Natural Gas Co. Househeating requirements provide an important share of its gas sales. Use of natural gas in London as a househeating medium expanded sales.

Common shares of Union Gas in the year ended March 31, 1938 earned $1.29 a share, compared with $1.31 a share in the preceding year. Dividends of 80 cents were paid during the year, against payments of 70 cents in the 1938 year. Working capital increased to $1.4 million from $1.1 million.

In presenting the annual report S. A. Morse, president, stated that mild weather in the early part of the heating season was offset to some extent by cold weather in the later months. Average domestic consumption was less and total revenue from sales of gas for domestic purposes reduced somewhat. Industrial sales showed a slight increase and a number of both domestic and industrial consumers was higher.

Weather conditions determine quite largely this company's prosperity. Normally, 50% of revenue from gas sales is received in the four winter months of December, January, February and March.

Loblaw Groceterias

Is Loblaw Groceterias Co. continuing to make progress? How will the Canadian company be affected by its investment in the United States?

In Loblaw Groceterias Company's report for the four weeks period ended June 24, sales showed an increase of 10.26% and profits were up 4.77%. This is the first period of the company's current year. In the year ended May 27, 1939, total sales advanced to $23.1 millions, an increase of $1.5 million over the previous year, although average prices were lower on many stable commodities, J. Milton Cork, president, states in the annual report.

Earnings per share on the combined class A and class B stocks amounted to $1.49 against $1.42 in the preceding fiscal year. Dividends on the class A and class B shares continue to be paid at a rate of $1 a share per annum, with bonuses of 12½ cents a share paid with quarterly dividends on Dec. 1, 1938 and June 1, 1939. Profits of the organization have been rising steadily since 1935. Percentage of net earnings to total sales was 6.47 in 1938, compared with 6.35 in 1938. Working capital position of the company is strong.

Number of stores in operation was reduced by one unit during the year, to 113 at the end of the year. The company is undertaking a gradual change-over to market type stores, handling meat, fruit and vegetables, in addition to groceries. There are in all 85 units of this description. By this means profits per unit have been increased substantially in the last five years. In the 1939 year, earnings per store, amounting to $13,232 were the highest in the company's history.

Reorganization of Loblaw Groceterias, Inc., which operates a chain of 90 stores in the U. S., was completed during the year and Loblaw Groceterias Co., now owns 57,944 shares of the company's capital stock, which is equivalent to 11% of total issued stock.

Reorganization of this company and clarification of its position will in all probability mean an additional source of revenue to Loblaw Groceterias Co., as it has already started dividend payments.

Canadian Locomotive

How much interest is unpaid on the 6% income bonds of Canadian Locomotive? What is the outlook for this company?

Interest on the 6% income bonds of Canadian Locomotive Co. accrued from Jan. 1, 1934, but no payment had been made to the end of 1938. On July 1 of this year, the company paid 6% on its income bonds, first payment to be made since the interest became cumulative.

Assuming that this payment covered the year 1938, it would leave the company in arrears to the extent of four years interest. This interest need be paid only out of available net earnings but any deficiency must be made good out of net earnings that may subsequently be available before any dividends can be paid on the capital stock. In any event interest not paid becomes due at the maturity of the bonds on Jan. 1, 1953.

Net earnings last year were larger than in any recent period, being equivalent to 3.90 times interest requirements on the income bonds, after depreciation. Outlook for locomotive orders in the immediate future is uncertain and no orders were on hand at the beginning of 1939. Orders for mining machinery have been increasing and new lines have been added which should prove profitable to the company.

The company's record of earnings in the past has not been very satisfactory and real prosperity for it seems still dependent on orders for locomotives by the Canadian railroads, which have been lacking in recent years. Efforts to build up a diversified output through the manufacture and sale of mining machinery have had a certain amount of success but are apparently still inadequate to provide a regular earning power. The 6% first mortgage bonds are the senior security of the company.

Huron & Erie

I am thinking of buying some Huron & Erie shares and would appreciate some information on the company's position.

Huron & Erie Mortgage Corp. experienced better earnings in 1938. Net profit increased to $304,254, against $236,990 in the previous year. On the basis of paid-up capital these earnings were equivalent to $6.09 a share and $4.74 in the preceding year.

The improvement was brought about principally through better mortgage conditions, particularly in farm repayments in western Canada. Dividends at the rate of 4% were paid in 1938 on the organization's capital stock, the rate having been reduced from 5% during 1937. Payments in the latter year totalled 4½%.

While the company has been able to better its position, it still faces many formidable obstacles, especially the mortgage situation in western Canada, and restrictive legislation which makes it difficult for trust and loan companies to make any form of settlement with debtors in the West. It is early yet to appraise the real effect of the Dominion Government's Central Mortgage Bank on the company's operations.

Conditions in eastern Canada have been more or less uniform in recent years, and while not entirely satisfactory have proved reasonably profitable to Huron & Erie.

Assets at the end of 1938 decreased to $44 millions from $44.9 millions at the end of the previous year. At the annual meeting it was stated that a survey of all the Corporation's mortgage loans had been conducted by the general manager, and it was indicated by the investigation that the company's internal reserves appear ample.

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Vickers Holds Bond Interest

Aug. 1 Payment on Company and Subsidiary Bonds Deferred

From Our Own Correspondent

MONTREAL.— Directors of Canadian Vickers have decided to defer the Aug. 1 interest payment on the 6% first mortgage bonds of the company and the 6% first mortgage bonds of its wholly-owned subsidiary, Montreal Dry Docks Ltd.

In this connection, J. E. Labelle, president, states directors, after careful consideration, have decided it is vital to the interests of the bondholders and all others concerned, that the existing working capital be conserved. He states directors have satisfied themselves that payment of the interest due on Aug. 1 would restrict operating possibilities and would, therefore, not be in the best interests of the company.

Deferment of the payment was apparently anticipated, in investment circles, judging from the decline in the price of Canadian Vickers bonds in recent weeks.

Needs Working Capital

The annual report of the company for the year ended Feb. 28, 1939, which was released last month, indicated reorganization might be unavoidable. At that time Mr. Labelle pointed out unsatisfactory operating results over a period of years and the company's liability in connection with the guarantee of Montreal Dry, Dock bonds and bank loans, had resulted in serious depletion of working capital.

Deferment of bond interest is regarded as the first step toward reorganization of the company. The annual report stated final recommendations in this regard must await completion of the survey of the company's production facilities and selling organization being made by a competent industrial engineer.

Cannot Use Subsidy

Deferment of bond interest gives the company about $80,000 more annually for working capital purposes. Annual interest charges on the two issues of bonds amount to about $185,000, but revenues of $105,000 annually received under the Dry Dock Subsidy Act are assigned to the trustee for the bonds of Canadian Vickers.

The dry dock subsidy from the Dominion Government forms part of the security for the 6% first mortgage bonds of Canadian Vickers. Under the trust deed the company cannot use this money for any other purpose than paying bond interest in the event that operating revenues are insufficient to meet the charge.

Montreal Dry Docks bonds, which are guaranteed by Canadian Vickers, hold a less favorable position than the bonds of Canadian Vickers. Bonds are secured by a first mortgage on the company's properties and the guarantee ranks against the assets and earnings of Canadian Vickers, subject to the amount of Canadian Vickers first mortgage bonds presently outstanding.

As at Feb. 28, 1939, there were outstanding $2,506,500 of 6% first mortgage bonds of Canadian Vickers and $564,500 of 6% bonds of Montreal Dry Dock.

Canada Northern Net Off Slightly

Power Output Continues Upward Trend in June

From Our Own Correspondent

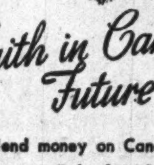
MONTREAL. — Net earnings of Canada Northern Power Co. in June amounted to $224,413, a decrease of $11,287 as compared with the same month last year. Gross earnings were $9,126 higher but operating expenses increased by $20,415.

Net earnings for the first six months of the current year amounted to $1,363,342, a decrease of $22,966. The decrease is due to higher operating expenses.

Power output in June showed an increase of 4,590,314 kw.h., amounting to 61,441,096 kw.h. Output for the first six months of the year amounted to 369,382,971 kw.h., an increase of 25,232,794 kw.h.

During the month of June, 189 new customers were added to the company's system, bringing the number of customers at the end of June to 23,402. This compares with 20,496 a year ago.

	1939	1938
Month of June	$	$
Gross earnings	432,637	423,511
Oper. expenses	208,224	187,811
Net earnings	224,413	235,700
Six Months Ended June 30		
Gross earnings	2,597,812	2,522,263
Oper. expenses	1,234,470	1,125,955
Net earnings	1,363,342	1,396,308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U. S. Whisky Consumption Levelling Off, Says Expert

Two of the four companies which dominate the liquor industry in the United States are Canadian. Both Hiram Walker-Gooderham & Worts, and Distillers Corp.-Seagrams rank in the top four in an industry which has been practically re-established since 1934.

A study of the alcoholic beverage industry by J. A. Van Swearingen, in the July Survey of Current Business, published by the United States Department of Commerce, studies the accomplishment of the industry since the repeal of prohibition.

Regarding the current trend, the author states: "During the five and one half years since repeal, special circumstances make it difficult to determine trend, although available data suggest that consumption is currently exhibiting a tendency to level off."

The 1936 volume of whisky produced in the United States was 245.5 million gallons, more than triple that of any pre-prohibition year. Subsequent to 1936, production was curtailed and by last year it was down to about 95 million gallons. Stocks of whisky, however, continued to rise, and at the end of 1938 the supplies of whisky in bonded warehouses reached nearly 456.8 million gallons of which about three-fourths was corn or bourbon whisky. Most of the remainder was rye whisky.

Indicated consumption of whisky in 1938 for beverage purposes amounted to 98.5 million gallons, compared with 103.6 million gallons in 1937 and 98.9 million in 1936. This is based on tax paid withdrawals of whisky after adjustment for imports and exports and other factors.

Pre-War Sales Bigger

This study says it does not seem to be possible to make a direct comparison of recent figures for liquor consumption with those of the period before prohibition because of lack of satisfactory data for some products entering into the industry. For tax paid withdrawals of whisky alone, however, the 1938 figure of 69.3 million gallons compares with the 1913 fiscal year total of 76.2 million gallons. While blended whisky, the important variable, cannot be determined accurately for 1913, available statistics suggest that consumption of such spirits was larger in 1913 than it was in 1938.

It is pointed out that whisky is the only distilled spirit imported into the United States in significant quantities. Imports for 1938 were nearly 10.3 million gallons, about 10% of the estimated consumption for beverage purposes.

One of the industry's problems, having particular reference to pricing, is the interesting amount of older liquors becoming available each year. For example, in the year ended June 30, 1938, only about 5% of tax paid withdrawals of whiskies was current year production, compared with approximately 6% in 1937, 7% in 1936, 55% in 1935 and of 75% in 1934.

Canada Bread Prices Lower

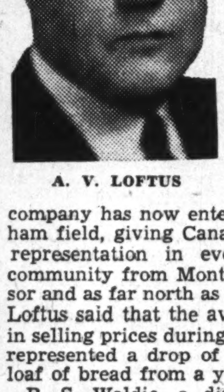
Higher Profits Said Due to Business Expansion

Canada Bread Co. was able to reduce selling prices further during the year ended June 30, 1939, and still report net profits equivalent to $13.35 a share on the class B preference, against $7.98 a share in the previous year.

C. H. Carlisle told shareholders at last week's annual meeting that this progress was "largely due to rapid turnover and expansion of the business." Canada Bread is serving 131,130 customers, a gain from the 126,140 a year ago.

During the year many new lines were added to the company's list of products. Seven sales depots were opened and service extended to other communities not previously served. New equipment added cost $335,000 and the company now operates 322 trucks and 646 wagons.

Total wages paid last year came to $2.3 millions as compared with $2.1 millions in the year ended June 30, 1938. Total Canadian purchases made during the year's operations amounted to $3.8 millions.


A. V. LOFTUS

At the annual meeting, A. V. Loftus, general manager, who was elected to the board to fill the vacancy caused by the death of C. W. Band, reported that increased profits were shown by each factory while sales showed increases in all lines. The company has now entered the Chatham field, giving Canada Bread Co. representation in every principal community from Montreal to Windsor and as far north as Sudbury. Mr. Loftus said that the average decline in selling prices during the past year represented a drop of 1½ cents per loaf of bread from a year ago.

R. S. Waldie, a director of the company for some years, was made a vice-president at the annual meeting.

Financial statements are reviewed elsewhere in The Financial Post.

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B. C.'s Lumber Industry Active

From Our Own Correspondent

VANCOUVER.—Although most of the logging camps are closed for the midsummer period, owing to the fire hazard and the large accumulation of presently unsaleable cedar logs, British Columbia's lumber industry is enjoying one of its busiest seasons on record.

Activity in the camps earlier in the year provided an abundance of logs and the mills have been active in turning out lumber for a record cargo movement to the United Kingdom and other markets.

Prices have not shown much increase owing to growing competition in the cheaper grades in the British market, but volume is being well maintained. It is probable that the United Kingdom alone will absorb one billion feet of lumber from British Columbia this year, an all-time high.

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CANADA BREAD COMPANY, LIMITED

(Incorporated under the Ontario Companies Act)

AND ITS SUBSIDIARY

CONSOLIDATED BALANCE SHEET

As at 30th June, 1939

ASSETS

Cash on hand and in banks		$ 153,786.64
Call loan		225,000.00
Bonds of or guaranteed by the Dominion of Canada due 1941 and 1942 at par value (Market value $105,687.50)		100,000.00
Accounts receivable, less reserve for doubtful accounts		159,500.43
Inventories of ingredients, finished products and supplies, as determined and certified by the management, valued at the lower of cost or market		147,566.87
		$ 785,853.94
Mortgages receivable		21,039.80
Buildings and equipment—at cost	$4,924,441.40	
Less reserve for depreciation	2,595,421.27	
	$2,329,020.13	
Land—at cost less amounts written off	357,342.65	
		2,686,362.78
Prepaid insurance, taxes and other charges		84,757.72
Goodwill (less amounts written off)		500,000.00
		$4,078,014.24

LIABILITIES

Accounts payable, wages and other accrued charges		$ 277,206.34
Taxes due and accrued		128,794.90
Bond interest accrued		16,172.50
Dividends on preference shares—payable 3rd July, 1939		40,625.00
		$ 462,798.74
Deposits by salesmen	$ 79,576.89	
Less cash and government bonds held in trust	79,576.89	
First mortgage 6% sinking fund gold bonds, due 1941, issued less redeemed	$ 646,900.00	
Less held for redemption	51,400.00	
		595,500.00
Reserve for contingencies		120,000.00
Capital: Authorized and issued—		
12,500 Cumulative redeemable first preference shares of $100 each, redeemable at $110 per share, entitled to cumulative dividends at 5% per annum to 1st July, 1941, and 6% per annum thereafter	$1,250,000.00	
25,000 5% Cumulative participating redeemable Class "B" preference shares of $50 each, redeemable at $100 per share. (Note: Dividends in arrears 75c per share.)	1,250,000.00	
200,000 Common shares of no par value	25,000.00	
	$2,525,000.00	
Earned surplus—as per statement attached	374,715.50	
		2,899,715.50
		$4,078,014.24

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30th June, 1939

Profit on operations before charging bond interest, depreciation and income and corporation taxes		$ 770,308.32
Interest earned on investments and bank deposits		6,075.16
		$ 776,383.48
Deduct:		
Bond interest	$ 37,018.82	
Provision for depreciation of buildings and equipment	190,749.03	
Premium paid on company's bonds purchased for redemption	2,539.25	
Premium paid on bonds purchased for investment	6,175.00	
Loss on sale of real estate	28,531.36	
		265,013.46
		$ 511,370.02
Deduct provision for income and corporation taxes		115,000.00
Net consolidated profit for the year, after providing for income and corporation taxes		$ 396,370.02

CONSOLIDATED SURPLUS ACCOUNT

For the year ended 30th June, 1939

Balance at 30th June, 1938			$ 254,595.48
Add net consolidated profit for the year ended 30th June, 1939, after providing for income and corporation taxes			396,370.02
			$ 650,965.50
Deduct:			
Transfer to reserve for contingencies		$ 120,000.00	
Dividend on preference shares:			
First preference shares—5%	$ 62,500.00		
Class "B" preference shares—$3.75 per share (Regular dividend $2.50, arrears $1.25)	93,750.00		
		156,250.00	
			276,250.00
Balance at 30th June, 1939			$ 374,715.50

Toronto and Montreal Exchange

The Week's Quotations

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING JULY 31

Range 1939 High	Low	Div Rate $	Jly29 Y'ld %	Stock	Sales	Last July 24	Week end. July 31 H	L	Cl'se
				A					
2.87	.50	.	...	Abitibi	8225	1.00	1.15	.90	1.00
21½	3½	.	...	Do. pref. 6%	2535	7½	7½	5½	5¾
21	4½	.	...	Do. pref. 7%	15	7	7	7	7
4½	3¾	30c	7	Acadia Sugar	....	(4½ bid 4½ asked)			
5¾	5¾	30c	5.2	Do. pref.	....	(4¾ bid — asked)			
5	3	.	...	Acme Glove	....	(— bid — asked)			
*82	60	.	...	Do. pref.	....	(— bid — asked)			
10	9½	60+20c	8.4	Agnew Surp.	....	(9¾ bid 11 asked)			
111	104	7	6.4	Do. pref.	....	(109 bid — asked)			
2½	1½	.	...	Alta. Pac. Gr.	348	2½	3½	3	3
24	13	.	...	Do. pref.	193	17	23½	20	23
14½	6¾	.	...	Algoma Steel	1000	10½	11	10	10¾
71½	51	.	...	Do. pref.	....	(74 bid 76 asked)			
140	112	25c+10%		Aluminum	160	132¾	133	130	130
112½	111½	6	5.4	Do. pref.	5	112½	112½	112½	112½

Range 1939 High	Low	Div Rate $	Jly29 Y'ld %	Stock	Sales	Last July 24	Week end. July 31 H	L	Cl'se
16½	11	40c	...	Gatineau Pwr.	1312	14½	15¾	15	15½
95	87	5	5.3	Do. pref.	968	93½	95	93½	95
6	2¾	.	...	Do. Rights	605	4¾	5½	5	5½
8	4¾	.	...	Gen. St. Wares.	550	6½	6½	5¾	5¾
83	55	1.75	...	Do. pref.	10	70	70	69	69
78½	66	2.50+5	10.1	Goodyear T'e	25	74½	74	73¾	73¾
58½	54	2.50	4.4	Do. pref.	395	56	57½	55½	55½
9	5	.	...	Gt. Lakes Pap.	....	(— bid 6 asked)			
15	12	.	...	Do. pref.	....	(— bid 13½ asked)			
7	2½	.	...	Do. Vot. Tr. c	....	(4 bid 4¾ asked)			
17	10½	.	...	Do. Vot. Tr. p	36	12	13½	13	13½
1.25	.75	.	...	Gt. W. Saddlery	....	1.00 bid 1.25 asked			
12	12	.	...	Do. pref.	5	..	12	12	12
12½	10	60c	5.9	Greening Wire.	....	(10½ bid 11 asked)			
6½	5	†30c	...	Gurd, Chas.	....	(5½ bid 5¾ asked)			
108	105	7	6.7	Do. pref.	....	(102 bid 105 asked)			
7	3¼		...	Gypsum, Lime.	1490	5¾	5½	5	5

Mining Stocks

Par Val.	Range 1939 High	Low	Company	Sales	Close July 24 (or last)	High for week	Low for week	Close July 31
			S					
1	1.99	1.18	San Antonio	41,925	1.82	1.99	1.80	1.96
1	.17	.10	Sand River	4,000	.11	.11	.10	.10
1	.07½	.02	Shawkey	900	.02½	.02½	.02½	.02½
50c.	1.25	.90	Sheep Creek	950	1.20	1.20	1.20	1.20
1	1.44	.85	Sherritt Gordon	16,872	1.03	1.07	1.00	1.02
1	7.70	5.50	Sigma Mines	1,476	7.15	7.70	7.10	7.70
1	1.65	.95	Siscoe	8,002	1.19	1.20	1.13	1.15
1	.80	.37	Sladen Malartic	16,178	.40	.49	.40	.42
1	.13	.04	Slave Lake	1,100	.05	.05½	.05	.05
No	1.03	.43	Stadacona	84,351	.48½	.53	.47½	.53
1	.15½	.08	St. Anthony	9,500	.09½	.10	.08	.08
No	.11	.03½	Straw Lake	54,000	.03¾	.03¾	.03½	.03½
1	.24½	.09	Sturgeon River	200	.17	.15	.15	.15
No	2.99	1.90	Sudbury Basin	1,200	2.20	2.30	2.20	2.20
1	.14½	.05½	Sudbury Contact	1,000	.05½	.07½	.07½	.07½
1	1.01	.73	Sullivan Cons.	5,700	.81	.83	.80	.82
1	3.55	2.78	Sylvanite	4,526	3.40	3.45	3.35	3.35
			T, U, V, W, Y					
1	4.70	3.80	Teck Hughes	3,190	4.20	4.25	4.20	4.20
1	.14½	.06½	Temiskaming	4,500	.08	.09½	.09	.09
1	2.30	1.65	Toburn Gold	200	1.90	1.90	1.90	1.90
1	.40	.20	Towagmac	12,000	.20	.40	.21	.37
1	1.65	1.08	Uchi Gold	5,100	1.20	1.20	1.15	1.16
...	97.75	95.00	Do., Bonds	6,000	95.00	96.50	96.00	96.50
No	5.80	4.30	Ventures	1,687	4.90	5.00	4.50	4.90
No	8.25	5.50	Waite Amulet	3,985	7.00	7.20	7.00	7.15
1	.15	.08½	Wendigo	9,500	.10	.10	.09	.09
No	.01½	.00¾	White Eagle	500	.00¾	.01	.01	.01
1	.05	.01¼	Whitewater Mines	2,000	.01½	.01½	.01¼	.01¼
1	.08½	.03¼	Wiltsey Coughlan	9,500	.03¾	.04¼	.03½	.03¾
1	.19	.08¼	Wood Cadillac	19,400	.12	.14	.12	.14
No	8.90	7.30	Wright-Hargreaves	8,352	8.15	8.25	8.15	8.15
No	.09	.05	Ymir Girl	2,000	.05½	.05½	.05½	.05½

Oil Stocks

Par Val.	Range 1939 High	Low	Company	Sales	Close July 24 (or last)	High for week	Low for week	Close July 31
No	.09½	.04	Acme Gas & Oil	500	.06	.06	.06	.06
1	.30	.12	Alta Pac. Cons.	220	.20	.13	.12	.12
1	.30	.15	Ajax	......	(.16 bid .18 asked)			
No	1.52	.80	Anglo C. Develop.	4,500	.99	1.03	.97	.97
1	.15½	.09	Anaconda	......	(.07½ bid .09 asked)			
1	.21½	.07	Br. Dominion	1,600	.10½	.12	.08½	.11
No	.38	.18	Brown Oil	47,500	.21	.23½	.20	.23½
100	65.00	48.00	Do., pref.	......	(62.00 bid ... asked)			
No	2.80	1.81	Calgary & Ed.	3,300	2.05	2.05	1.95	1.95
1	.65	.28	Calmont	2,140	.31	.34	.30	.32
No	.55	.31	Commoil	300	.33	.35	.35	.35
No	.36	.21	Common Pete.	......	(.25½ bid .31 asked)			
No	.75	.35	Dalhousie	4,760	.41	.43	.35	.35
No	.60	.25	Davies Pete	7,550	.30	.30	.28	.28
No	.13	.05	East Crest	4,100	.06	.06½	.05½	.05½
25c	.13	.07½	Firestone Pete.	......	(.07 bid ... asked)			
No	1.45	.50	Foothills	......	(... bid .73 asked)			
25c	.14¾	.08½	Foundation Pete.	1,200	.11	.10	.09	.10
No	.20	.10	Hargal	......	(.10 Jan. 6)			
No	.25	.15	High Sarcee	......	(.15 bid .18 asked)			
No	3.75	1.98	Home	16,638	2.17	2.27	2.12	2.25
1	.26½	.07	Homestead O.&G.	15,000	.08½	.09	.08	.09
No	.23	.09	McD. Segur	2,150	.12	.13	.09	.12½
No	.07	.03	Merland	......	(.03½ bid .04½ asked)			
1	.48	.26	Model	1,000	.27	.27	.26	.26
25c	.12½	.07	Monarch Royalties	.....	(.06½ bid .09 asked)			
1	.13	.04½	Nordon	2,400	.05½	.06	.04½	.06
No	.03½	.01½	Oil Selections	2,000	.02½	.02	.01½	.02
No	1.73	.91	Okalta	1,300	1.00	1.11	1.03	1.05
No	.02½	.01	Olga Gas & Oil	3,000	.01½	.01½	.01½	.01½
1	.12	.04½	Pacalta	100	.04½	.05	.05	.05
1	.30	.25	Petrol Oil & Gas.	......	(.25 bid .35 asked)			
25c	.25	.17	Prairie Royalties.	500	.25	.23½	.23½	.23½
No	45.63	31.75	Royalite	385	35.25	35.00	33.75	34.00
No	.75	.29	South West Pete.	50	.30	.35	.35	.35
No	.11½	.04	South End	......	(.02 bid .04 asked)			
1	1.30	.50	Texas Can	3,409	.70	.68	.50	.50
No	.15½	.07	United Oils	500	.08	.08	.08	.08
No	1.00	.45	Vulcan	......	(... bid .47 asked)			
No	.08½	.04	West Flank	......	(.04½ bid .04¾ asked)			

Vancouver Stocks

Par Val.	Range 1939 High	Low	Company	Sales	Close July 24 (or last)	High for week	Low for week	Close July 31
1	.30	.10	Big Missouri	4,400	.13	.13½	.12½	.13
25c	.01½	.01½	Bluebird	......	(.01½ Apr. 6)			
No	12.20	9.50	Bralorne	23	11.95	11.60	11.60	11.60
1	.03½	.02	Bridge River Cons	......	(.02 bid .03 asked)			
1	2.40	2.01	Cariboo Gold	700	2.17	2.25	2.24	2.25
No	.06½	.02	Dentonia	2,000	.02¾	.02¾	.02¾	.02¾
No	.07	.02¾	Fairview Amal.	6,000	.03	.03	.03	.03
1	.01¾	.00½	Federal Gold	......	(.00½ bid ... asked)			
1	.33	.20	George Copper	......	(.20 bid ... asked)			
1	.06	.03	Golconda	......	(.04 bid .05½ asked)			
50c	.62	.24	Gold Belt	2,800	.34	.32	.30	.30
50c	.08½	.03½	Grand View	......	(.04 bid .05 asked)			
1	.03¾	.02	Grull Wihksne	......	(.01¾ bid ... asked)			
1	1.54	.72	Hedley Mascot	6,900	.80	.80	.76	.76
No	.01	.00½	Home Gold	3,000	.00½	.00½	.00½	.00½
1	.01½	.00¾	Indian Mines	......	(.00½ bid .01 asked)			
50c	1.40	1.01	Island Mountain	200	1.14	1.15	1.08	1.08
1	.34	.27	Inter'tl Coal	1,000	.29½	.29	.29	.29
50c	1.55	.61	Kootenay Belle	2,800	.80	.78½	.75	.75
10c	.03	.01	Lucky Jim	8,000	.01	.01	.01	.01
No	.02	.00½	Mak Siccar	......	(.00½ bid ... asked)			
10c	.33	.28	Metaline Mining	......	(.28 June 10)			
1	.23	.21	McGillivray Creek	......	(.20 bid ... asked)			
No	.03	.01½	Minto Mines	2,900	.02	.02	.01¾	.01¾
5c	.04¾	.02	Nicola	4,000	.02½	.02¾	.02½	.02½
50c	.04¾	.01	Noble Five	3,000	.01½	.01½	.01½	.01½
1	.22	.10	Pacific Nickel	......	(.13 bid .15 asked)			
1	1.90	1.24	Pend Oreille	......	(1.39 bid 1.45 asked)			
No	.00¾	.00½	Pilot Gold	1,000	.00½	.00½	.00½	.00½
1	2.70	2.28	Pioneer Gold	2,370	2.41	2.45	2.39	2.40
50c	.03	.00½	Porter Idaho	5,000	.00½	.01¾	.01¾	.01¾
No	.01¾	.00¾	Premier Border	2,500	.00¾	.00¾	.00¾	.00¾
1	2.40	1.71	Premier Gold	2,050	1.86	1.90	1.85	1.88
No	1.45	1.06	Privateer Mines	141	1.32	1.31	1.19	1.21
1	.04	.02½	Quatsino Copper	1,000	.02½	.02½	.02½	.02½
50c	.01½	.01½	Red Hawk	......	(.01½ Feb. 11)			
1	.15½	.09	Relief Arlington	2,800	.13½	.13½	.13½	.13½
No	.32	.18	Reeves McDonald	200	.18	.19	.19	.19
1	.58	.22	Reno Gold	6,100	.50	.50	.49	.49
1	.06	.01¾	Reward Mining	24,500	.02	.02½	.01¾	.02
1	.01½	.00½	Rufus Argenta	......	(.00½ bid .01 asked)			
1	.09	.02	Sally Mines	......	(... bid .08½ asked)			
50c	.12	.05	Salmon Gold	5,000	.05	.06	.05	.05
50c	1.25	.91	Sheep Creek	3,300	1.18	1.20	1.18	1.20
1	1.85	1.25	Silbak Premier	......	(1.25 bid 1.35 asked)			
No	.02	.00¾	Silvercrest	......	(.00¾ bid ... asked)			
1	.15	.08	Sunloch	......	(.08 May 3)			
50c	.27	.13	Surf Inlet	6,800	.23	.16	.16	.16
No	.06½	.02½	Taylor Bridge	600	.06	.05	.05	.05
No	.06½	.02½	Vidette Gold	......	(.04 bid .06 asked)			
50c	.00¾	.00½	Waverley Tangier	......	(.00½ bid .00½ asked)			
20c	.02	.00½	Wellington	......	(.00½ bid ... asked)			
50c	.01½	.00¾	Wesko	3,000	.00¾	.00¾	.00¾	.00¾
1	.04¾	.01¾	Whitewater	3,000	.02	.02½	.02½	.02½
No	.08	.03½	Ymir Yankee Girl	......	(.04½ bid .06 asked)			

Oil Quotations

Par Val.	Range 1939 High	Low	Company	Sales	Close July 24 (or last)	High for week	Low for week	Close July 31
1	.30	.13	Alta Pac. Cons.	......	(.14 bid ... asked)			
1	.01	.00½	Amigamated	......	(.00½ bid .01 asked)			
No	1.52	.84	Anglo C. Develop	1,100	1.00	.98	.98	.98
1	.16	.07½	Anaconda	3,000	.08	.08	.08	.08
No	.08	.06	Associated Oil	......	(.06 May 28)			
No	.04	.01	Baltac	......	(.01½ bid ... asked)			
1	.19½	.06	Brit. Dominion	2,000	.10	.11½	.11	.11½
No	.33	.19	Brown Oil	3,000	.21	.22	.20½	.22
No	2.75	1.86	Calgary & Ed.	800	2.00	2.05	2.00	2.00
1	.64	.28	Calmont	......	(.31 bid .35 asked)			
No	.58	.32	Commoil	100	.34	.33	.33	.33
1	.36	.22½	Commonwealth	200	.26	.26	.26	.26
No	.68	.34	Dalhousie	100	.43	.40	.40	.40
No	.59	.27	Davies Pete	500	.30	.31	.31	.31
No	.12	.06	East Crest	1,500	.06	.06	.06	.06
25c	.13	.07	Firestone	......	(.07½ bid ... asked)			
No	1.40	.55	Foothills	......	(... bid .65 asked)			
No	.07½	.02	Freehold	21,100	.02¾	.03	.03	.03
No	.13	.09	Foundation Pete.	......	(.10 bid .11 asked)			
No	.15½	.08½	Four Star	6,500	.15	.15½	.14	.15
No	.20	.08½	Hargal	19,444	.19	.20	.19	.20
No	.35	.15	High Sarcee	......	(.15 bid ... asked)			
No	3.75	2.00	Home Oil	2,600	2.20	2.25	2.15	2.24
No	.07½	.02	Madison	3,000	.03	.03	.03	.03
No	.09	.04	Marjon Oil	5,000	.04½	.04½	.04½	.04½
No	.22½	.11½	McD. Segur Ex.	......	(.11½ bid .12½ asked)			
1	.22	.12	McLeod	......	(... bid .12 asked)			
No	.13	.05½	Mercury	3,700	.06½	.06½	.06½	.06½
No	.07½	.03½	Mill City Oil	2,750	.04½	.05	.04½	.05
No	.05½	.04½	Midwest Pete	......	(.03 bid ... asked)			
1	.47	.24	Model	......	(.25 bid ... asked)			
25c	.11	.07½	Monarch Royal	......	(.07½ bid .08½ asked)			
25c	.16½	.08	National Pete	2,000	.10½	.11	.10½	.11
1	.12	.05	Nordon	......	(.05 June 7)			
No	2.00	.95	Okalta	700	1.03	1.09	1.04	1.05
No	.12	.04½	Pacalta Oil	......	(.04½ bid ... asked)			
25c	.24	.18	Prairie Royal	500	.24	.24	.24	.24
No	45.00	32.50	Royalite	15	35.00	34.50	34.50	34.50
No	.22	.15½	Royal Canadian	7,750	.20	.21	.19	.19½
No	.75	.30	Southwest Pete	......	(.40 bid ... asked)			
No	.11½	.03	South End	......	(.02 bid .04 asked)			
1	.12	.04	Spooner	500	.04	.09	.09	.09
25c	.40	.30	Sunset Oil	2,000	.39	.39	.38½	.38½
No	.16	.07½	United	1,000	.08½	.08½	.08½	.08½
No	.13	.04½	Vanalta	......	(.05 bid .06 asked)			
1	.90	.48	Vulcan	200	.55	.51	.50	.50
No	.07½	.06½	West Flank	......	(.06½ Jan. 17)			

Winnipeg Stocks

(Transactions from July 22 to July 29)

	Sales	High for period	Low for period	Close July 29
Beresford Lake	2,400	.30	.23	.30
Dickstone Copper	1,000	.01¼	.01¼	.01¼
Franco Oils	1,500	.50	.50	.50
Flin Flon	4,100	.01¼	.01	.01
Gurney Gold	4,300	.04	.03	.03
Ore Grande	30,700	.09	.06½	.08¾
Packsack	6,000	.05	.05	.05
Sachigo River	1,500	8.25	8.25	8.25
Shenango	1,000	.10	.10	.10
Star Lake	5,000	.00¾	.00¾	.00¾
United Grain Growers	630	6.50	6.25	6.25
Wingold	9,500	.04¾	.03¾	.04½
Wings, voting trust	100	20	.20	.20

Stocks Not Traded in During Week

	Bid	Asked		Bid	Asked
Beaver Fire	..	100	Home Invest	12	15
Beaver Lum., c.	2⅝	...	North. Trusts	6	..
Beaver Lum., pf.	90	100	N. Can. Mtge., pf.	2½	..
Can. Indemnity	125	..	Reliance Gr., pf.	..	32
Dom. Envelope	2	3	Traders Bldg.	55	..
Do., pref.	96	98	West. Brew.	1.50	1.55
Fed. Grain, com.	..	1.50	West. Grain, pf.	..	5
Fed. Grain, pfd.	..	23	West. Steel	..	7

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
Aug. 1	10,100	126,700	577,000	63,837
July 31	[illegible]	[illegible]	[illegible]	[illegible]
July 29	5,200	32,800	181,000	23,100
July 28	10,900	32,100	232,000	35,329
July 27	19,300	32,400	318,000	4?,400
July 26	17,300	23,800	280,000	38,943

Government Bonds

Aug. 1, 1939 (Supplied by Investment Dealers' Assoc. of Canada)

% Due	Bid	Ask	Approx. Yld.
Dominion of Canada Bonds			
2 Nov. '39	100¼	...	...
2½ Oct. '39	100¼	...	...
4 Oct. '39	100¾	...	...
1½ June '40	100	100½	.92
4½ Sept. '40	103½	103¾	1.13
1 Mar. '41	99¾	99¾	1.05
5 Nov. '41	107	107½	1.70
1½ May '42	99¾	100½	1.46
2 June '42	101	105½	1.47
3 Oct. '42	104	104½	1.57
2½ June '43	102¾	103	1.60
5 Oct. '43	111½	112	2.03
2 June '44	100¾	101¾	1.70
a2½ Jan. '44	102¾	103¾	b1.25
4½ Oct. '44	111¾	111¾	2.10
2½ Nov. '44	102¾	103¾	1.83
a2½ Aug. '45	103½	104½	b1.43
4 Oct. '45	107½	108	b2.02
4½ Feb. '46	112½	113	2.33
3½ June '49	103¾	104¾	b2.55
3½ Oct. '49	104½	104¾	b2.55
3½ Nov. '51	103	103½	b2.82
a5 May '52	109¾	110¾	b1.15
4 Oct. '52	107¾	108½	b2.87
3 June '55	100	100½	b2.95
4½ Nov. '56	100½	111	b2.81
4½ Nov. '57	111	111½	b2.92
3 June '58	99¾	100½	b2.98
4½ Nov. '58	111¾	112½	b2.97
4½ Nov. '59	112¾	113½	b2.99
a4 Oct. '60	109¾	110¾	b2.90
a3½ Jan. '61	105½	106½	b2.77
3½ June '66	101¾	102¾	b3.08
a3e Jan. '67	101¾	102¾	2.85
a3e Nov. '68	101¾	102¾	2.88
a3 Perpet'l	93¾	94½	3.18
Dominion Guaranteed Bonds			
Can. Nat'l. Railways:			
2 Feb. '43	100½	101½	1.65
2½ Jan. '46	99¾	100¾	2.12
3 May '44	104½	105½	1.80
3 Dec. '50	100	101	b2.82
3 Feb. '53	99¾	100¾	b2.90

% Due	Bid	Ask	Approx. Yld.
3 Jan. '59	98¾	99¾	3.02
*4½ Sept. '51	115½	116½	2.94
*4½ Feb. '56	116¾	117½	3.15
c4½ July '57	116½	117½	3.23
*4¾ June '55	118½	119½	3.20
5 Feb. '54	119½	120½	3.24
*5 July '69	116	117	b2.29
*5 Oct. '69	120½	121½	b2.98
*5 Feb. '70	120½	121½	b3.02
Provincial Gov't. Bonds			
New Brunswick:			
3 Oct. '51	94½	95½	3.47
3½ Aug. '49	96	97	3.60
3½ June '56	97½	98½	3.62
c4 Nov. '47	103½	104½	b3.20
c4½ Apr. '61	108	109	3.89
c5 Jan. '60	114	115	3.93
Nova Scotia:			
3 Jan. '52	97½	98½	3.15
3½ June '56	99½	100½	3.21
3½ Nov. '50	101½	102½	3.26
c4½ Sept. '52	109¾	110¾	b3.00
c4½ Nov. '60	112	113	3.62
c5 Mar. '60	119	120½	3.57
Ontario:			
2½ May '45	101½	102½	2.09
3 Apr. '48	100	101	b2.83
3 Nov. '50	99¾	100¾	b2.90
3½ Nov. '51	102½	103½	b2.89
*4 June '62	109	110½	3.34
4½ June '50	112½	113½	3.07
*4½ Jan. '62	115	116½	3.44
5 Oct. '48	114½	115½	3.09
*5 Dec. '60	122	124	3.42
5½ July '46	114½	115½	3.02
Ont. Hydro Commission:			
3 Aug. '48	100½	101½	b2.80
3½ Feb. '53	101½	102½	b3.00
3½ Apr. '47	103¾	104¾	2.81
Prince Edward Island:			
3 Oct. '45	99½	101	2.82
Quebec:			
3 Nov. '47	97¾	98¾	3.16
3 Nov. '51	96	97	3.30

% Due	Bid	Ask	Approx. Yld.
3½ Mar. '48	98½	99½	3.32
3½ June '52	97¾	98¾	3.38
4 Mar. '52	104	105	3.51
4½ Aug. '58	106½	108	3.86
4½ Jan. '63	109	110	3.89
Alberta:			
4 Dec. '54	59½	63½	d
4½ Oct. '51	63	67	d
c4½ Oct. '56	60½	64½	d
*5 Oct. '59	63½	67½	d
c5½ Apr. '52	64½	68½	d
6 Mar. '47	68	72	d
British Columbia:			
c4 Dec. '57	99½	102½	2.81
*4½ Jan. '51	102¾	105¾	3.87
c4½ Oct. '53	102½	105½	4.00
c5 Apr. '54	105	108	4.27
5½ Feb. '45	104½	107½	4.01
6 Feb. '47	106½	109½	4.54
Manitoba:			
c4 Dec. '57	87	91	4.74
c4½ Dec. '58	90½	94½	4.97
*5 Dec. '59	95½	99½	5.06
5½ Oct. '55	96	100	5.50
6 Apr. '47	99	103	5.51
Saskatchewan:			
4 Sept. '54	63¾	69¾	7.37
4 Nov. '60	65½	69½	6.72
c4½ Oct. '51	77	81	6.73
c4½ Mar. '60	72	76	6.86
5 Aug. '58	77	81	6.80
5½ Oct. '52	78	82	7.86
6 Mar. '32	81¾	85¾	7.80

*Payable Can., N.Y. & £. b—Calculated to call date giving lowest possible yield. c—Payable Can. & N.Y. a—Payable N.Y. †Callable on or after Sept. 15, 1966. d—Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e—Callable at a premium.

Unlisted Stocks

Aug. 1, 1939 (Furnished by A. J. Pattison Jr. & Co., Toronto)

	Bid	Ask.
Industrials:		
Acme Farm., p.	12	14
Andian National	33½	34½
Anglo C. Tel., A	8¾	9
Barrymore, pfd.	21½	..
B. C. Pulp, c.	6	7
Do., pfd.	19	24
B. C. Sugar	81	82½
Burns & Co., A	3	3½
Do., B	1	1½
Canada Tea, pf.	22	25
Can. Co-op. W'l.	7	..
Can. G'drich, c.	1½	..
C. I. L., A c.	211	..
Can. Ing. Rand.	122	125
Can. Tube, 1st p.	60	..
Chase, A. W., p.	25¾	26½
Claude Neon, p.	7	7¾
Cons. Sales, B p.	..	79
Cope. 1Four Unit	7	7½
Dunlop Tire, p.	22¾	23½
Easy Washing, p.	..	8½
Fed. Grain, pfd.	20½	22
Do., com.	¾	1
Goderich Elev.	6¾	6¾
Guard. Realty, p.	16	..
Guelph Carp., p.	101	102½
Do., com.	10	11
Hayes Steel, c.	14	..
Do., pfd.	10	..
Hi'land Dairy, p.	73½	..
Do., com.	2½	..
Kingston Sh. un.	11½	12½
Loblaw Inc., c.	10¾	11
M'row Screw, p.	98	102
Neilson, Wm., c.	9½	..
Do., pfd.	103	..
N. B. Tel., c.	12½	..
N. Meth. Ldy., p.	45	..

	Bid	Ask.
Office Spec., p.	72	..
Ont. Tob., pfd.	22½	..
Paterson Wm., p.	104	..
Prov. Paper, pfd.	102½	104
Reliance Gr., pf.	31	33
Rob. Cons. Cone	8¾	9½
Robertson, p.	90	..
Ruddy, E. L., p.	29	31
Seal O Sac (Can)	4½	5
Stand. Fuel, c.	2	2½
Do., pref.	47½	51
Stedman Br., pf.	56½	58
Tor. Carpet, c.	18½	22
Do., pfd.	54½	56½
Un. F. Co-op.	2½	2¾
Un. Steel, A pf.	21	22
Viceroy Mfg., pfd. & rts.	23½	24
West. Grain, pf.	4½	6
West. Steel, c.	6	7½
Weston Hold.	6½	7
Trusts & Loan Stocks:		
Brit. Mtge.	152½	..
Com. Fin., c.	2¾	3
Guelph & C., $50	53½	56
Lambton Loan	32	35
London & West.	39	42
Sherbrooke Tr.	120	..
Sterling Tr.	51½	60
Traders Fi., B c	11¾	13
Do., A pfd.	82½	..
Trusts & Guar.	27	28½
Waterloo Trust	99½	..
Insurance Stocks:		
Canada Life	483	490
Confed., 30% pd.	153½	156½
Crown, fully pd.	262	..
Dominion Fire	136	..
D. of Can. Gen.	122	..

	Bid	Ask.
Empire, 25% pd.	8	9
Excelsior Life	62½	66
Fed. Fire 25% pd	51	55
Great-West Life	245	255
Halifax Fire	23½	24
Imperial Life	310	335
Manufac. Life	244	250
Monarch, 10% pd	23	24½
Sov. L., 25% pd.	11	12½
Sun Life	390	410
Tor. General	52	61
Western Assce.	50	52
Theatre Stocks:		
Allens, Kings, p.	63½	66½
Do., London, p	55	60
Do., St. Catharines, p.	54½	57
Do., Tor., p. c.	34½	37
Loew's Lond., p.	3½	..
Mansf. Theat., p.	31	34
Midland Prop., p	4	..
Para., Kitch., p.	53½	..
Do., Oshawa, c	11½	13
Investment Trust Shares:		
Can. Invest. Fd.	3¾	4¾
Can. Investors	6½	7
Deb. & Sec., pf.	70	..
Inv. Found. Unit	55½	57½
Sec's. Hold., pf.	17	..
United Corp., A	21	23
Do., B	6	7
Power Issues:		
Can. W. N. Gas	27	..
Do., pfd.	98	100½
Int. Util., 1.75 p.	16½	18
Do., 3.50 pfd.	37	39
Gt. Lakes Pr., p.	101	103
Mtl. Is. Pwr., p.	21	..
Nor. Ont. Pr., p.	96	98

Unlisted Mines

Toronto, August 1, 1939

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Addingt'n	.03½	.04	E Lacoma	.02¾	.03½	Lw Pete	..	.35	Private'r	1.16	1.20
Albany R	.24	.26	Elmos	.17	.20	Lucky Kir	.01½	.02	Propri'y	1.85	1.95
Amorada	.02	.03½	Faulken'	.01½	.01¾	Magnet C	.65	.68	Presdor	.05	.05½
Anoki	.09	.10½	Flavrian	.02	.02½	Magnet L	.13	.15	Que Mn	.10½	.12
Arjon	.02½	.03½	Fontana	..	.07	Martin Br	.07	.08	Que Vik	.01	.01½
Armistice	.01¾	.02½	Frontier	.06	.07	Martin Mc	.02	.04	Rand Ml	.17	.19
Argosy	.05	.06	Galore	.07	.08	Mata Can	.04½	.05½	Red LGS	.01	.02
Arno	.01¾	.02	Gate Pat	.01¾	.02½	Melba	.03½	.04½	Rhyolite	.01½	.02½
Area	.04¾	.05½	Golden G	.19	.20	Margaret	.16½	.18	Rose Gold	.06	.07
Athona	.04½	.04¾	Goldside	.01	.01½	Mof Hal n	.01½	.03	Rouyn Re	.01½	.01½
Barb Lar	.03½	.04	Gordon L	.01½	.02½	McGregor	.01½	.02½	Sachigo	8.75	9.50
Beresford	.31	.34	Gorham	.03½	.04	McVit Kir	.01½	.01¾	Senator	.40	.42
Big Mastr	.02¾	.03½	Hallnor	7.25	7.60	Mooshla	.07	.08	Shenango	.10½	.11
Bilmac	.04½	.05½	Hiawatha	..	1.20	Mosher	.14	.15½	Sheldon	.06½	.07
Calder Bo	.01	.03	Hislop	.01	.02½	Mylama	.03½	.06	Siscoe Ex	.02	.03
Camlaren	.02½	.03½	Hoyle (new)	.38½	.40	Nat Mal	.17	.20	Skynner	.07½	.08½
Capital R	.01	.01½	Hugh PaP	.08	.10	Negus	.70	.80	Smelter	.02¾	.03½
Carinor	.09	.12	Hutch Lk	.05¾	.06½	New Aug	.26	.29	Steep R	1.10	1.15
Central M	.03½	.04	Jason	.32	.35	New Rib'o	.03¾	.04½	Spooner	.05½	.06½
Cheminis	.06	.06½	Jodello	.09½	.11	Nickel O	.85	.95	Sunbeam	.15	.18
Cochen'r	.60	.62	Keora	.03½	.04	Norbeau	.55	.60	Sun Bear	.01	.01½
Coin Lke	.03½	.04	Kaw Crow	.02	.02½	Norlake	.01½	.03	Surf Inlet	.17	.19
Cont Kir	.07	.08	Kelrowe	.29	.31	Oklend	.07½	.08½	Springer	.11	.12
Crescent	.06½	.06¾	Kenricia	.24	.27	O'Leary	.02½	.03½	Thomp L	.26	.28
Crowsh're	.08½	.10	Kewaga'a	.03	.04	Opemiska	.07½	.09	Tonawa'a	.01¾	.02
Dawson	.01	.01½	Kiena	.19	.21	Oriole	.02	.02½	Union Mn	.07¾	.08½
Dayton	.06	.07	Kir Vit	.01	.01½	Orpit	.07	.08	Up Cana	.61	.63
Delnite	.90	.95	Kirk Gate	.02½	.03	Ossian	.02½	.02¾	Walker P	.03¾	.04½
Desants (new)	.18	.20	Kir Hunt	.01½	.01¾	Pascalis	.30	.36	Wesley	.02	.03
Devon	.07½	.09	Lacoma	.03	.03½	Payore	.03½	.03¾	Wells LL	.14	.16
Dona Pt	.30	.33	Lake Duf	.32	.36	Porc Lke	.06	.08	Westwood	.03	.04
Donwood	.11	.13	Lake Gen	..	.11	Planet	.03	.03½	Winoga cum rts	.05¾	.06½
Dumico	.07	.08	Lardego	.03	.03½	Pontiac	.10	.12	Woco	.20	.22
Dunlop n	.02	.03				Pelangio	.02¾	.03¾	Y David'n	.26	.27½
						Polaris	.60	.62			

Montreal, August 1, 1939

	Bid	Ask		Bid	Ask		Bid	Ask		Bid	Ask
Abbeyv'e	.06	.08	L Lag'n	.03	.05	Obalski	.08½	.09	Tiblem't I	.02	.03
Brown B	.01	.02	L Rowan	..	.09	Pan Can	.03	.04	Valdor M	..	.80
Chibmac	.02	.02½	Leroy	..	.01	Routh'r C	..	.03	Warren'c	..	.05
Demp'y	.01	.02	Louvre	.02	.03						

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Aug. 1, 1939

Public Utility Issues:	Int. Rate %	Due	Bid Aug. 1	Asked	Bid July 25
†Assoc. Tel. & T.	5½	'55	79	81	79½
Beauharnois P.	5	'73	99	102	99
B. C. Power	4½	'60	103	106	102½
B. C. Tel.	4½	'61	107½	110½	107½
†Calgary Pwr.	5	'60	104½	107½	104½
Do.	5	'64	104	107	104
†Can. Nor. Pwr.	5	'53	102½	105½	102
*Dom. Gas & El.	6½	'45	97½	100½	97½
Gatineau Pwr.	5	'49	102½	105½	102½
Do., B	3¾	'69	99½	102½	99½
Gt. Lakes Pwr.	4½	'56	100½	103½	100½
*Int. Hydro-E.	6	'44	84½	87½	85½
▲Inter. Power	6	'55	101	...	101
Macl'n-Que. Pr.	4	'59	97½	100½	97½
Mtl. L. H. & P.	3½	'56	104	107	104
Do	3½	'73	102½	105½	102½
†Mtl. Tramways	5	'41	98½	101½	98½
†Do.	5	'55	69½	72½	69½
Nat. Lt. & Pwr.	6	'49	97½	100½	98½
N. S. Lt. Pr.	4	'57	103	...	103
Ottawa H. & P.	4	'57	103½	106½	103½
Ottawa V. Pwr.	5	'59	103½	...	103½
†Power Corp.	4½	'59	103½	106½	103½
Quebec Pwr.	4	'62	103½	106½	103½
*Saguenay P. A.	4½	'66	106	109	106
Do., B	4½	'66	106	109	106
Shaw. W. & Pr.	4	'61	103½	106½	103½
Union Gas	4½	'50	103	106	103½
†United Secur.	5½	'52	64	67	64
†Wpg. El Ser., A	4	'65	71½	74½	72
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	46½	49½	48½
Acadia Sugar	4½	'55	102½	...	102½
†Alta. Pa. Grain	6	'46	90	93	89½
Atlantic Sugar	4	'51	101½	...	101½
B. A. Oil	4	'45	101	104	101
†B. C. P. & Pap.	6	'50	52	55	52
*Brown Co.	5½	'46	32	35	34
Burns & Co.	5	'58	39	42	41½
Canada Bread.	6	'41	105½	108½	105½
Canada Cement	4½	'51	104½	107½	104½
Can. Paper	4½	'52	100½	103½	100½
Can. Steamship	5	'57	83½	86½	84
Candn. Canners	4	'51	102½	105½	102½
*Can. Int. Paper	6	'49	89½	92½	91½
†Candn. Vickers	6	'47	53	57	67
C. P. R.	3½	'51	83	86	83
Do.	4	'49	87	90	87
Do.	4½	'44	90	93	90
Do.	6	'42	101½	104½	101
†Consol. Paper	5½	'61	36	39	37½
Dom. Coal	4½	'52	102½	105½	103½
▲Dom. Stl. & C.	6½	'55	108	111	107
Dom. Tar	4½	'51	103	106	102½
†Donnacona P.	4½	'56	66½	69½	67
Famous Players	4½	'51	102	105	102
†Federal Grain.	6	'49	93½	96½	90½
†Fraser Cos.	6	'50	90	93	90
Gen. Stl. Wares	4½	'52	98½	101½	98½
*Great Lakes P.	5	'55	80	83	80½
†Gypsum, Lime	5½	'48	100	103	100
Ham. By-Pr. C.	5	'55	101½	104½	101½
Inter-City Bak.	5½	'48	103	106	103
*Int. P.&P. Nfld.	4½	'68	102	...	102
Lake St. John P. & P.	5½	'61	74	77	73½
†Maple Leaf M.	3	'58	58	61	57
Massey-Harris.	4½	'54	95	98	94
McColl-Front.	4½	'49	102½	105½	102½
McCormick's	4	'52	91½	94½	90½
*M. & O. Paper	6	'45	25	28	26½
Nat. Grocers	4	'47	101	104	101
N. S. Stl. & C.	3½	'63	84	87	83½
Pres. E. Dome	6	'43	102	105	101½
Price Bros.	5	'57	91½	94½	91
*Prov. Paper	5½	'47	102½	105½	102½
Reliance Grain	4½	'52	85	88	85
Rolland Paper.	4½	'51	102½	...	102½
Simpsons Ltd.	4½	'51	100½	103½	99½
Smith, Howard	4½	'51	103½	106½	103½
†Steel of Can.	6	'40	104	...	104
*United Gas	5½	'48	103½	106½	103½
United Gr. Grs.	5	'48	95½	98½	95½
†Western Grain.	6	'49	34½	36½	36

*Payable in Can. or U. S.
†Payable in Can., U. S. or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.

Mining Dividends

	Rate	Close July 31	Yield %
Beattie Gold	15c	1.20	12.5
Bralorne	80c+30c	11.87	*9.2
Buffalo Ankerite	$1	11.13	9
Bulolo Gold	$3	23.75	13
Can. Malartic	9c	.70	12.8
Cariboo Gold	16c+4½c	2.25	*9.1
Central Patricia	16c+4c	2.50	*8
Coniagas	25c	1.75	..
Coniaurum	15c	2.08	..
Cons. Smelters	$1+$1	44.75	*4.4
Dome Mines	$2	33.00	6
Falconbridge	30c	5.50	5.4
Goldale	†2c	.19	..
Gunnar Gold	6c	.50	12
Hedley Mascot	12c+4c	.80	*.20
Hollinger	65c+45c	15.25	*7.2
Howey Gold	3c	.33¼	..
Hudson Bay	$1.50	34.00	4.4
Inter. Mining	40c	7.00	5.7
Int. Nickel, com.	$2	49.87	4
Island Mountain	10c	1.15	8.6
Jack Waite	†1½	.19½	..
Kerr Lake	5c	.50	10
Kirkland Lake	8c+2c	1.32	*6.6
Kootenay Belle	16c+4c	.75	..
Laguna	†5c	.11	..
Lamaque Gold	30c+15c	7.30	*6.1
Lake Shore	$4	41.75	9.[illegible]
Lava Cap M.	11c	.78	..
Leitch	6c	.85	..
Little Long Lac	30c	3.05	9.[illegible]
Macassa	20c+5c	4.75	*5.2
McGillivray Coal	3c	.21	..
McKenzie Red Lake	12c	1.26	9.5
Moneta	9c	1.05	..
McIntyre Porc.	$2	57.00	3.5
Noranda	$4	83.00	4.8
Nipissing	15c	1.35	..
North Empire	80c	9.25	8.6
O'Brien Gold	†10c	2.35	..
Pamour Porc.	8c	2.30	..
Pato Cons.	10c	2.20	..
Paymaster	2c	.45	..
Perron Gold	16c	1.99	8.0
Pioneer, B.C.	40c	2.45	1.6
Pickle Crow	40c	4.70	9.5
Placer Develop.	$1.20	13.00	9.2
Premier	12c	1.85	6.5
Privateer Mine	15c+2c	1.21	..
Quebec Gold	†2c	.34	..
San Antonio	14c	1.96	7.1
Sheep Creek	16c+2c	1.20	*15.2
Silbak Prem.	12c	1.25	9.6
Siscoe	12c	1.15	10.4
Sudbury Basin	5c	2.20	..
Sullivan Cons.	5c	.82	..
Sylvanite Gold	20c+5c	3.35	*7.4
Teck-Hughes	40c+5c	4.20	*10.7
Toburn	8c+6c	1.90	*7.3
Ventures	15c	4.90	..
Wright-Harg.	40c+30c	8.15	*8.[illegible]

*Yield including bonus. †Initial.

Municipal Bonds

Aug. 1, 1939

†Halifax	5	1961	114.00	116.00	3.91
Hamilton	5	1950	112.10	113.60	3.50
Montreal	5	1945	99.50	102.00	[illegible]
Ottawa	4½	1945	107.45	108.95	2.85
†Quebec	5	1959	107.50	109.00	4.32
Saint John	5	1950	107.00	108.50	4.06
†Toronto	4½	1955	113.15	115.15	3.25
†Vancouver	5	1950	98.50	101.50	4.82
Winnipeg	5	1944	101.00	104.00	4.03

†Payable Can. and N.Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	3.44	3.82
Can. Amer. Trust	3.20	3.50
Can. Inv. Fund	3.85	3.95
All Can. Trustee	12.[illegible]	12.55
Trans-Canada	...	3.25
Grouped Income	...	6.00
Can. Int. Tr., modified	3.00	3.25
Do., unmodified	4.50	[illegible]

DIVIDEND NOTICES

BANK OF MONTREAL

Established 1817

DIVIDEND NO. 305

NOTICE is hereby given that a DIVIDEND of TWO DOLLARS per share upon the paid up Capital Stock of this Institution has been declared for the current quarter, payable on and after FRIDAY, the FIRST day of SEPTEMBER next, to Shareholders of record at close of business on 31st July, 1939.

By Order of the Board

JACKSON DODDS, General Manager — G. W. SPINNEY, General Manager

Montreal, 18th July, 1939.

Borden's

COMMON DIVIDEND No. 118

An interim dividend of thirty cents (30¢) per share has been declared on the outstanding common stock of this Company, payable September 1, 1939, to stockholders of record at the close of business August 15, 1939. Checks will be mailed.

The Borden Company
E. L. NOETZEL, *Treasurer*

Lake of the Woods Milling Co. Limited

DIVIDEND NOTICE

NOTICE IS HEREBY GIVEN that a dividend of 1¾% has been declared on the Preferred shares of the Company, payable on September 1st, 1939, to shareholders of record at the close of business on August 15th, 1939.

By Order of the Board,
D. A. MACINNES,
Secretary.

NORANDA MINES, LIMITED

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of $1.00 per share, payable in Canadian funds, has been declared by the Directors of Noranda Mines, Limited, payable September 15th, 1939, to shareholders of record at the close of business August 21st, 1939.

By order of the Board.
J. R. BRADFIELD,
Secretary.

Toronto, July 26, 1939.

HALLNOR MINES LIMITED

(No Personal Liability)

DIVIDEND NOTICE

Notice is hereby given that an interim dividend of 15c per share, payable in Canadian funds, has been declared by the Directors of Hallnor Mines, Limited (No Personal Liability) payable September 1st, 1939, to shareholders of record at the close of business August 15th, 1939.

By order of the Board.
J. R. BRADFIELD,
Secretary.

Toronto, Ont., July 26th, 1939.

Dividends Declared

	This payment	Date payable	Date of record
Agnew-Surpass	30c	Sept. 1	Aug. 15
Do., bonus	20c	Sept. 1	Aug. 15
Do., pref.	$1.75	Oct. 2	Sept. 15
Aluminum, p.	$1.50	Sept. 1	Aug. 15
Assoc. Tel. & T., p.	49c	Aug. 15	Aug. 1
Do., $6 pref.	42c	Aug. 15	Aug. 1
Bank of Montreal	$2	Sept. 1	July 31
Bank of Toronto	$2.50	Sept. 1	Aug. 15
Banque Candn. Natle	$2	Sept. 1	Aug. 15
Borden Co.	30c	Sept. 1	Aug. 15
Beattie Gold	5c	Aug. 15	July 31
Buff. Ankerite	25c	Aug. 15	Aug. 1
Can. W. & C. pf.	$1.62½	Sept. 15	Aug. 31
Candn. Oil	12½c	Aug. 15	Aug. 1
Do., extra	12½c.	Aug. 15	Aug. 1
Crown Cork	40c	Aug. 15	July 31
Can.-Malartic	3c	Aug. 4	July 18
Coniaurum M.	5c	Aug. 8	July 24
Coniagas Mines	12½c	Aug. 10	July 29
Commonwealth Int'l.	4c	Aug. 15	July 15
Conduits Nat.	10c	Aug. 8	Aug. 3
Corp. Investors	5c	Aug. 15	July 29
Cosmos Imp. c.	25c	Aug. 15	July 31
Do., pref.	$1.25	Oct. 14	Sept. 30
Dom. Bridge	30c	Aug. 15	July 31
Dom.-Scot. Inv. pf.	50c.	Sept. 1	Aug. 21
Gurd, Chas., pf.	$1.75	Aug. 15	Aug. 1
Hollinger Cons., c.	5c	Aug. 12	July 29
Do., extra	5c	Aug. 12	July 29
Hallnor Mines	15c.	Sept. 1	Aug. 15
Lake of Woods	$1.75	Sept. 1	Aug. 15
Loblaw Groc.	25c.	Sept. 1	Aug. 10
Leitch Gold	2c	Aug. 15	July 31
McIntyre Porc.	50c	Sept. 1	Aug. 1
Nat. Biscuit, pfd.	$1.75	Aug. 31	Aug. 15
Neon Prod.	25c.	Aug. 11	July 27
Niagara Wire	25c.	Oct. 2	Sept. 15
Noranda Mines	$1.00	Sept. 15	Aug. 21
Ont. Steel Prod. c	60c.	Aug. 15	Aug. 4
Do., pf.	$1.75	Aug. 15	Aug. 4
Paymaster Cons.	1c	Aug. 15	July 31
Penmans	75c	Aug. 15	Aug. 5
Perron Mines	4c.	Sept. 21	Sept. 1
Do., extra	1c.	Sept. 21	Sept. 1
Provincial Tran.	20c.	Aug. 15	Aug. 1
Privateer Mine	5c	Aug. 10	July 31
Do., extra	2c	Aug. 10	July 31
Quebec Power	25c	Aug. 15	July 28
Royal Bank	$2	Sept. 1	July 31
Royal Can. Oils	1c	Aug. 10	July 28
Rolland Pap.	13c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 1	Aug. 31
Rem. Rand pf.	$1.12½	Oct. 2	Sept. 11
Do., c	20c.	Oct. 2	Sept. 11
Smith, H. Pap. pf.	$1.50	Oct. 16	Sept. 30
Stuart, D. A., pf.	20c.	Sept. 1	Aug. 15
South. C. Pwr.	20c	Aug. 15	July 31
Sundance Rylts.	*	Aug. 3	July 20
Sec. Std. Rylts., pf.	1c	Sept. 1	Aug. 15
Shawinigan W.	23c	Aug. 15	July 26
Toburn Gold	2c	Aug. 22	July 21
Do., extra	2c	Aug. 22	July 21
Unit. Corp., A	38c	Aug. 15	July 31
Union Gas	20c	Sept. 15	Aug. 19
Walker-G. & W.	$1	Sept. 15	Aug. 25
Do., pref.	25c	Sept. 15	Aug. 25
W'minster Paper	25c	Nov. 1	Oct. 15
York Knitting 1 pf.	$3.50	Aug. 15	Aug. 1
Do., 2 pf.	$3.50	Aug. 15	Aug. 1

*Repayment of drilling loan; amount to be announced later.

Public Utility Earnings

Jamaica Public Service

June:	1939 $	1938 $
Oper. revenues	79,078	78,048
Gross after retire.	25,300	*21,673
Net income	16,933	*13,287
12 Months End. June 30:		
Oper. revenues	978,000	909,763
Gross after retire.	*306,734	*286,271
Net income	*206,138	*182,300

*Adjusted for increased Jamaican income tax.

East Kootenay Power Co.
Month of June

	1939 $	1938 $
Gross earnings	43,862	47,697
Oper. expenses	14,959	16,498
Net earnings	28,903	31,199
Three Months Ended June 30		
Gross earnings	130,846	140,227
Oper. expenses	45,332	47,494
Net earnings	85,514	92,733

A. J. PATTISON JR. & CO. Ltd.
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

B. C. Packers Ltd. Adds Three Directors to Board

From Our Own Correspondent

VANCOUVER.—J. M. Buchanan, general manager, was added to the board of British Columbia Packers Ltd. at the recent annual meeting. Other new directors elected include J. H. Copeman, of Greenshields & Co., Montreal, and Dr. H. Spohn, Vancouver. Directors re-elected include H. R. MacMillan, president, Stanley Burke, vice-president, F. E. Burke, J. H. Gundy, Gordon Farrell, J. P. D. Malkin, J. S. McLean, A. C. Taylor, W. J. VanDusen, A. H. Williamson and George Kidd.

J. H. COPEMAN

DIVIDEND NOTICES

Banque Canadienne Nationale

Quarterly Dividend

NOTICE is hereby given that a dividend of two per cent (2%) (being at the rate of 8% per annum) has been declared by the Directors of the Banque Canadienne Nationale on the paid-up capital stock of the Bank for the quarter ending on the 31st day of August, 1939. This dividend, bearing the number, No. 194, will be payable at the Main Office or at the branches of the Bank, on or after the first day of September, 1939, to the shareholders of record on May 15th.

By Order of the Board,
CHARLES ST-PIERRE,
General Manager.

BLUE RIBBON CORPORATION LIMITED

NOTICE is hereby given that a dividend of Sixty-two and a Half Cents (62½c) per share on the Preferred Shares of the Company has been declared payable on and after August 1st, 1939, to holders of Preference Shares of record at the close of business on the 27th day of July, 1939.

DATED at TORONTO this 26th day of July, 1939.

J. C. JAMIESON, Secretary.

George Weston Limited

Common Quarterly Dividend No. 39

NOTICE IS HEREBY GIVEN that a dividend of twenty cents (20c) per share has been declared on the common stock of this company, payable on the 2nd day of October, 1939, to shareholders of record at the close of business on the 15th day of September, 1939.

By order of the Board.
W. H. KEMP,
Assistant-Secretary.

Toronto, July 31st, 1939.

Loblaw Groceterias Co. Limited

NOTICE is hereby given that quarterly dividends of 25 cents per share on the Class "A" shares and 25 cents per share on the Class "B" shares of the Company have been declared for the quarter ending August 31st, 1939, payable on the first day of September, 1939, to shareholders of record at the close of business on the 10th day of August, 1939. The transfer books will not be closed. Payment will be made in Canadian funds.

By Order of the Board.
JUSTIN M. CORK,
Secretary.

Toronto, July 26th, 1939.

York Knitting Mills, Limited

Notice is hereby given that a dividend of 3½% for the six months ending June 30, 1939 (being at the rate of 7% per annum) has been declared on the "First Preference" stock of the Company, payable August 15, 1939, to shareholders of record, at the close of business August 1st, 1939.

W. A. CLARKE,
Secretary.

July 27, 1939.

York Knitting Mills, Limited

Notice is hereby given that a dividend of 3½% for the six months ending June 30, 1939 (being at the rate of 7% per annum) has been declared on the "Second Preference" stock of the Company, payable August 15, 1939, to shareholders of record, at the close of business August 1st, 1939.

W. A. CLARKE,
Secretary.

July 27, 1939.

The Guelph Carpet & Worsted Spinning Mills Limited

Preferred Dividend No. 41

Notice is hereby given that a Dividend of One and Five-eighths per cent (1⅝%), being at the rate of Six and One-half per cent (6½%) per annum, has been declared upon the outstanding 6½% Cumulative Convertible Preferred Shares of The Guelph Carpet & Worsted Spinning Mills Limited, for the Three Months ended July 31st, 1939, payable August 1st, 1939, to Shareholders of record at the close of business July 20th, 1939.

By Order of the Board.
B. F. GRIGGS,
Secretary-Treasurer.

Guelph, Ont., July 26th, 1939.

PREFERENCE DIVIDEND
BROWN OIL Corporation Limited

TAKE NOTICE that a dividend of $1.50 per share will be paid by this Company on the 11th day of August, 1939, to preference shareholders of record at the close of business on August 5th, 1939.

DATED at Calgary, Alberta, this 29th day of July, 1939.

JOHN W. MOYER,
Secretary.

Wheat Board Issues Rules

Conditions Governing Sale to Board Outlined —Penalties Provided

From Our Own Correspondent

WINNIPEG.—The Canadian Wheat Board has issued regulations to enforce the limitation of deliveries to it during the current crop year to 5,000 bushels from each producer at the 70-cent pegged price.

It is clear from the Act and from the regulations, that no farmer may deliver to the Board more than 5,000 bushels of wheat of his own production. But the Board in addition to buying from the actual grower will buy wheat from landlords, vendors, mortgagees or others entitled by contract or operation by law to wheat grown by someone else.

Permits Required

To enforce its regulations, the Board will insist on each grower taking out a permit and the permit must be presented whenever a sale is made, of wheat produced on the farm described in the permit.

The regulations of the Board state that if two farmers actually form a partnership, and each is entitled to a share of the crop, and neither is a dependent or an employee of the other, each is a producer of his share of the crop. It would appear, therefore, that if a farmer and a son or sons are engaged in the joint operation of a farm, that each one be allowed to take out a permit and sell up to 5,000 bushels of wheat to the Board at the 70 cent guaranteed price basis. The Board declares that where one man has title to several farms, and leases one or more of them to sons or other dependents, the Board will buy wheat from such lessees to the same extent as they will buy from any other lessees.

Resales Barred

The Board has made a regulation that no person shall sell wheat to the Board not grown on the farm or farms described in the permit under which he sells it. Except for such regulation a farmer with only a small wheat production might have bought surplus wheat from a neighbor in order to resell it to the Board.

No one will need legal advice to know whether or not he is committing an offense in that respect. But there is still room for difference of opinion. Both farmers and lawyers are today puzzling over the matter to be sure to what extent different persons may be entitled to take out permits for wheat grown on different quarter sections, half sections, or sections of land, and to what extent a farmer who has sold 5,000 bushels of his own production, may sell wheat produced by such other persons as his wife or sons.

NATIONAL GROCERS SHARES

New definitive preference and common share certificates of National Grocers Co. are now available and shareholders are urged by T. H. Kinnear, secretary, to exchange the interim certificates now held. The exchange can be made through the National Trust Co., Toronto.

Week in Wheat

Wheat Markets Show Greater Confidence

Opinion Prevails That Bearish Factors Have Been Fully Discounted—Private Agencies Suggested to Handle Surplus Grain

From Our Own Correspondent

WINNIPEG.—Although the wheat market, both in Canada and abroad, has reacted to a comparatively small extent from the lowest points touched in the decline, a slightly stronger feeling of confidence is developing with respect to prices. Realization that western Canada's crop will be decidedly smaller than was once possible, has had something to do with the change in sentiment. But principally it has been based on the idea that bearish factors in the market have now been fully discounted.

It must be admitted, however, that the change, if real change there is, is developing slowly, and that investment buying of wheat, although on a slightly enlarged scale, is still not large in volume.

Disappearance of the July future, which had been the cheapest delivery, and appearance of the May future at some carrying charge, give a slightly better appearance to the prices daily quoted.

Larger Farmers May Hold

It is evident that the market will have to rise only slightly to make of little interest to farmers the price protection to be afforded them under the Wheat Co-operative Marketing Act on quantities in excess of the 5,000 bushels which can be delivered to the Wheat Board at its guaranteed price. Careful enquiries among a considerable number of large farmers indicate a determination on their part to hold new crop wheat in the hope of higher prices developing later in the season.

That may be a factor of some slight importance in the market, tending to offset to some extent at least the tendency of other farmers to rush their Wheat Board deliveries as rapidly as possible. The Wheat Board price is so much above the open market price that most farmers have no incentive to hold back their deliveries to the Board.

* * *

Heavy July Deliveries

A somewhat larger quantity of wheat was delivered at country elevators on the last day of July than had been expected. Farmers, knowing that the old Wheat Board price basis of 80 cents a bushel expired that day, nevertheless waited until the last possible minute to deliver some of their wheat. In some cases trucks were kept hauling until late at night.

* * *

Private Selling Agencies

As soon as the Government announced last week that the Wheat Board would not be allowed to handle farmers' surplus wheat above the 5,000 bushels they may sell the Board, different elevator companies began making plans to organize selling agencies to give their customers the benefit of the price protection available. These plans are likely to be submitted to a government representative at a conference in Winnipeg next week.

There have been suggestions that the Wheat Pool organizations might form one agency, the United Grain Growers one, the Northwest Grain Dealers one, and perhaps one or two of the larger elevator companies, members of that association, operate on their own account. It is not impossible, however, that all interests will combine to set up a single agency.

Commodity Prices

Commodity prices have been irregular with three of the weekly indices showing advances and three showing declines.

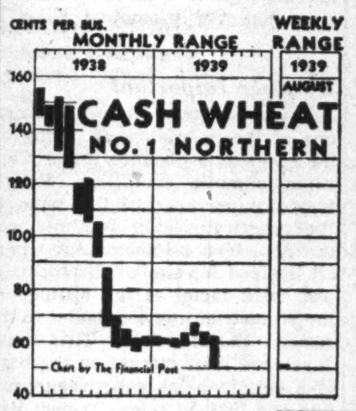
Cotton and wheat were stronger on reduced crop prospects. Rubber eased slightly following the advance in the rubber export quota for the third quarter of the year, while raw silk prices eased when the abrogation of the Japanese-United States trade treaty was announced. It was believed that Japan might force the sale of her silk in the next few months in order to improve her exchange position. Copper was firm in sympathy with other non-ferrous metals and building materials. Cattle and hogs were easier under seasonal influences.

	Latest week	Previous week	Same week last yr
Cattle	$7.00	$7.25	$8.00
Hogs	9.85	10.00	12.65
Copper lb.	.10¼	.10⅜	.10⅛
Cotton, lb.	.0965	.0944	.0872
Rubber, lb.	.1657	.1670	.1612
Sugar, raw, lb.	.0290	.0288	.0275
Silk, lb.	2.70½	2.70½	1.80
Wheat, Man. (bu.)	.53⅛	.50⅝	.92¾
Coffee, lb.	.05⅛	.05⅛	.04⅞
Hides	.12	.12	.11½
Weekly Indices			
Canada (D.B.S.)	72.5	72.8	78.6
Do., Wood, Gundy	53.5	53.6	57.9
U. S. Labor	75.2	75.5	78.7
Dow Jones (future)	47.84	47.69	48.68
Crumps (Brit.)	70.6	70.4	74.0
Fishers'	78.6	78.5	81.6
Monthly Indices			
Canada (D.B.S.):			
Retail (June)	82.9	83.1	84.0
W'sale (June)	73.3	73.7	80.1
U. S. (May)	76.2	78.1	78.7
Gt. Brit. (Apr.)	97.2	96.6	103.1

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper - electrolytic, New York. Silk — Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides — No. 1 packer light.

Wheat Prices



(Cash Quotations)

For Week	Aug. 1 High	Aug. 1 Low	Prev. Week High	Prev. Week Low
1 Hard	.53⅝	.52¼	.56⅛	.50⅞
1 Northern	.53⅛	.52¼	.54⅜	.50⅝
2 Northern	.50⅛	.45⅛	.51⅛	.47⅛
3 Northern	.45⅜	.44	.46⅜	.42⅜
4 Northern	.42⅝	.41⅛	.44⅛	.39⅝
5 Wheat	.38⅛	.34⅜	.39⅜	.35⅜
6 Wheat	.34⅜	.32⅜	.35⅜	.31⅜
Feed Wheat	.34⅛	.32¼	.35⅛	.30⅞

Combined Export Prices:
July shipments.

	Week to Aug. 1	
No. 1 North. (Vanc.)	.68	.64½
No. 3 North. (Vanc.)	.61⅜	.58⅜
U. S. Hard Winters	.57	.53½
Australian (afloat)	.56⅛	.55
French, soft	.51⅛	.48⅜
Argentine Rosafe†	.63⅛	.63½

†63½ lb. May.

Winnipeg Grain Futures

Week to Aug. 1, 1939

Crop year from Aug. 1, 1938 High	Low		Open July 26	High for week	Low for week	Close Aug. 1	Close year ago
		Wheat					
.67⅝	.49¾	July	.50⅛	.53⅛	.50¼	.52⅛	
.68⅜	.49⅞	Oct.	.50¼	.53⅞	.50¼	.52⅛	.75½
.68⅜	.50	Nov.	.52⅜	.54⅝	.52⅛	.53⅜	.74½
.68⅜	.51⅛	Dec.	.52⅛	.55⅜	.52	.53⅜	.75⅜
.58	.56⅝	May	.58	.58	.56⅝	.56⅞	.76¾
		Oats					
.32	.22⅞	July	.23¼	.27⅛	.23¼	.25⅜	....
.31½	.23⅛	Oct.	.24	.28	.24	.27⅛	.32¼
.30	.23¼	Dec.	.24⅛	.27	.23⅞	.26⅝	.30½
		Barley					
.41¾	.32¼	July	.32¾	.36	.32¾	.35⅜	....
.41½	.31½	Oct.	.32¼	.35¾	.32¼	.34⅛	.44⅛
.41	.31½	Oct. (new)	.32⅛	.35⅞	.32⅛	.34⅛	....
.40¼	.32⅛	Dec.	.32⅝	.35¾	.32⅝	.35⅛	.43¼
		Flax					
1.59	1.30	July	1.34	1.34	1.30	1.30	....
1.46	1.28	Oct.	1.28½	1.31½	1.28	1.29	1.43
1.31	1.25¼	Dec.	1.27½	1.27½	1.26	1.26	....
		Rye					
.51¼	.35	July	.35½	.38¼	.35½	.37¾	....
.51¾	.35¾	Oct.	.36⅜	.39½	.36⅜	.38⅛	.45⅛
.48½	.37	Dec.	.38	.40¼	.38	.39⅛	.46⅝

Company Reports

American Cyanamid

Earnings of American Cyanamid Co. and subsidiaries for the six months ended June 30, 1939, were equivalent to 80 cents a share on the common stock, slightly more than four times the rate of earnings for the first half of last year. This is after interest and depreciation and other charges. The 1939 figures are subject to the year-end audit.

It is stated that consolidated net income does not include the company's equity in undistributed profits of certain affiliated companies in which the company has a minority interest.

Consolidated Income Account
Six Months Ended June 30

	1939 $	1938 $
Net oper. profit	5,241,090	3,208,785
Add: Divds., int., etc.	258,713	203,260
Royalties, licenses	65,309	89,206
Other earnings	19,301	28,652
Total income	5,584,413	3,529,903
Less: Depr. & depl.	1,578,213	1,411,872
Research & dev. exps.	878,287	964,421
Int. & amort.	267,166	321,745
Income taxes	677,713	273,896
Subsids. divds.	33,320	33,320
Net income	2,149,714	524,649
Less: Pref. divds.	51,965	34,066
Amt. avail. for com.	2,097,749	490,583
Earns. per Share:		
Preferred: Earned	$10.29	$3.08
Paid	0.25	0.25
Classes A & B: Earn.	0.80	0.19
Paid	0.30	0.30
Shares Outstanding:		
Preferred	208,910	170,453
Common	2,616,369	2,520,368

DIVIDEND NOTICES

Little Long Lac Gold Mines Limited

25 King Street West, Toronto, Ontario

Dividend No. 12

Notice is hereby given that a dividend of 10c per share has been declared by the Directors of Little Long Lac Gold Mines Limited, payable in Canadian funds on August 26th, 1939, to shareholders of record at the close of business August 16th, 1939.

By order of the Board,
L. A. MACDONALD,
Secretary-Treasurer.

July 31st, 1939.

Sylvanite Gold Mines Limited

(No Personal Liability)

TO SHAREHOLDERS AND HOLDERS OF SHARE WARRANTS:

NOTICE OF DIVIDEND No. 34

Take notice that a regular quarterly Dividend of 5% (i.e., five cents per share) on the outstanding Capital Stock of the Company, payable in United States funds, has been declared as Dividend No. 34.

Such Dividend will be payable September 30th, 1939, to Shareholders of record at the close of business August 19th, 1939.

In the case of Share Warrants such Dividend will be payable on or after September 30th, 1939, in respect of the shares specified therein, upon presentation and delivery of Coupon No. 34 at:

The Canadian Bank of Commerce, Toronto, or any branch of said Bank in Canada (Yukon Territory excepted) at the Bank's current buying rate for United States funds on the date the coupon is cashed without deduction for collection charges; or Liberty Bank of Buffalo, Buffalo, N.Y.

The Canadian 5% tax will be deducted from Dividends paid to non-residents.

By order of the Board.
W. S. WALTON, Secretary.

Toronto, August 1st, 1939.

Robert Gair Co.

Robert Gair Co., producing paper containers in the United States and Canada, reports a net profit of $5,960 for the first half of this year after provision for income note interest and income taxes. Interest on the income notes was not paid from 1938 operations.

George E. Dyke, president, points out that "in accordance with the present policy of disposing of unneeded and non-profit producing assets," the paperboard machine at Madawaska, Me., and land and buildings at Watertown, N.Y., were sold in the quarter just closed. In addition certain worn-out machinery was written off as a result of which the company sustained a capital loss of $153,483.

This policy, "which the management and board of directors believe to be constructive and benefical," is to be continued and further losses on the sale of capital assets approximating $100,000 have been sustained in July.

Consol. Profit and Loss Statement
Three Months Ended June 30

	1939 $	1938 $
Operating profit	295,783	239,081
Less: Depreciation	204,282	202,704
Int. on subsid. bonds	21,526	22,922
Subsid. pfd. divs.	9,750	9,750
Net earnings	60,225	3,705
Less: Income note int.	48,665	48,639
Income taxes	5,600	4,800
Loss on cap. assets	153,483	......
Net loss	147,523	49,734

Six Months Ended June 30

	1939 $	1938 $
Operating profit	550,851	591,549
Less: Depreciation	410,050	419,351
Subsid. bond int.	43,098	47,556
Subsid. pfd. divs.	19,500	19,500
Net earnings	78,203	105,142
Less: Income note int.	97,330	97,330
Income taxes	10,900	43,500
Loss on cap. assets	153,281	......
Net loss	183,309	35,688

Canada Bread

Earnings of Canada Bread Co. for the year ended June 30, 1939, were 50% above those for the previous year. As a result the company has been able to reduce arrears on the 5% class B preference to 75 cents a share.

Income and surplus account shows income taxes and corporation taxes of $115,000 for the past year, but C. H. Carlisle, president, points out that total taxes paid were $281,061 as compared with $234,308 in the preceding year. On the 80 million loaves of bread or equivalent in other bakery products, the average profit per loaf was slightly less than one half cent.

Financial position shows further strengthening of the company's liquid position, cash or its equivalent being $478,787 against $224,380 a year ago. Funded debt has been reduced to $595,500 by the purchase of an additional $33,900 of bonds for redemption during the year just closed. The remaining bonds mature Aug. 1, 1941, and sinking fund has been provided in full up to maturity.

Balance Sheet Changes

	1939 $	1938 $
Cash	153,787	224,380
Call loan	225,000	......
Dominion bonds	100,000	......
Funded debt	595,500	629,400
Contingency res.	120,000	......

Consol. Income and Surplus Account
Years Ended June 30

	1939 $	1938 $
Operating profit	770,308	546,490
Add: Int. earned	6,075	3,927
Total net earnings	776,383	550,417
Less: Depreciation	190,749	173,667
Bond interest	37,019	43,566
Prem. on bd. redemp.	2,539	12,260
Prem. on invest. bot.	6,175	......
Loss on real est.	28,531	......
Inc. & corp. taxes	115,000	59,000
Net profit	396,370	261,924
Less dividends:		
First preference	62,500	62,500
Class B preference	93,750	75,000
Surplus for year	240,120	124,424
Add: Prev. surp.	254,595	130,171
Less: Trans. to cont. res.	120,000	......
Surplus forward	374,715	254,595
Earned per Share:		
1st pref.: Earned	$31.70	$20.95
Paid	5.00	5.00
Class B preference:		
Earned*	$13.35	$7.98
Paid	2.50+1.25	2.50+0.50
Common: Earned*	$1.35	$0.68
No dividends paid.		
*Before participating provisions.		
Shares Outstanding:		
1st preference, $100 par	12,500	12,500
B preference, $50 par	25,000	25,000
Common, n.p.v.	200,000	200,000

Working Capital

	$	$
Current assets	785,854	542,238
Current liabilities	462,799	354,640
Working capital	323,055	187,598

Twin City Rapid Transit

Interim statement of Twin City Rapid Transit Co. for the six months ended June 30, 1939, shows net income, after interest on funded debt, more than double that of the corresponding period of 1938. Fixed charges were earned 1.27 times for the 1939 period against 1.11 times for the first half of last year.

Income Account
Six Months Ended June 30

	1939 $	1938 $
Oper. revenue	4,363,675	4,315,618
Less: Oper. exps.	3,272,311	3,221,966
Net oper. revenue	1,091,364	1,093,652
Less: Taxes	473,313	544,293
Oper. income	618,051	549,359
Add: Other income	7,568	10,086
Gross income	625,619	559,445
Less: Int. on f. debt	453,993	464,636
Amort. of disc. on funded debt	31,731	32,489
Misc. debits	8,432	8,019
Net income	131,463	54,301
Times Fixed Chgs. Earned	1.27	1.11

Candn. Converters

Although provision for depreciation was reduced from $12,000 to $6,000, Canadian Converters' Co. reports a net loss of $38,322 for the year ended April 30 last as against a profit of $8,693 in the previous year.

J. M. Mackie, president, points out that the loss before depreciation amounts to $32,222. This loss is in part an operating loss, and is in part due to reduction in inventory values. It was caused by generally depressed conditions in the industry which developed during the latter months of 1937 and continued throughout the 1938-39 fiscal year. Volume of sales declined 18% from the previous year. In spite of the fact that expenses were carefully watched and drastically reduced, this drop in sales more than offset the savings made.

Working capital shows a reduction from $598,379 to $545,663. Inventories were reduced during the year by $69,180 to $426,086.

The report states the future outlook at the present time is obscure, and competition is so keen that it is difficult to obtain business on a profitable basis.

Income and Surplus Account
Years Ended April 30

	1939 $	1938 $
Oper. profit	d19,767	37,553
Less: Directors' fees	1,850	2,250
Exec. salaries	10,605	12,860
Depreciation	6,000	12,000
Inc. tax res.	......	1,750
Net profit	d38,222	8,693
Add: Prev. surplus	475,604	466,911
Less: Addit. inc. tax.*	15,000	......
Surplus forward	422,382	475,604

d—Loss or deficit.
*Provision for income tax assessment under appeal.

Working Capital

	1939 $	1938 $
Current assets	606,618	652,526
Current liabilities	60,955	54,147
Working capital	545,663	598,379

Evans, Coleman

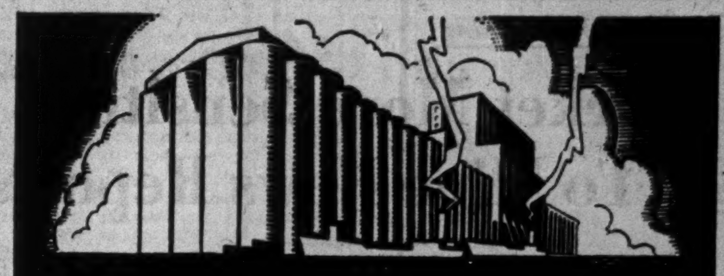
Net profits of Evans, Coleman & Gilley Bros. were lower in the year ended March 31, 1939, at $112,911 as compared with $172,484 for the preceding year. During the year four quarterly dividends were paid on the 6½% preferred shares and an extra year's dividends paid toward liquidation of arrears. A further payment reducing arrears was made May 15, 1939, leaving only one quarterly payment unpaid.

The company is a holding company, operating through subsidiaries, in the general shipping, trading, importing and exporting businesses in Vancouver.

Necessary renewals and additions to plants, buildings, and equipment completed during the year resulted in a net addition to fixed assets of $125,346.

Consol. Income and Surplus Account
Year Ended March 31, 1939

	$
Operating profit	299,732
Less: Depreciation	82,438
Directors' fees	2,415
Mgmt. & exec. salaries	44,330
Legal fees & exps.	777
Damage claim	8,961
Income taxes	47,900
Net profit	112,911
Less: Preferred dividends	117,000
Deficit for year	4,089
Add: Previous surplus	148,440
Tax adjustment	3,597
Earned surplus fwd.	147,948
Earned per Share:	
Preferred: Earned	$12.54
Paid	13.00
Shares Outstanding:	
6½% preferred, $100 par	9,000
Common, n.p.v.	179,169
Working Capital	$
Current assets	975,773
Current liabilities	282,774
Working capital	[illegible]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Vancouver Anticipates Heavy Wheat Shipments

From Our Own Correspondent

VANCOUVER.—Anticipating heavy shipment of wheat through this port during the coming crop season, especially during the fall, grain elevator companies are making extensive alterations and improvements. More than $150,000 is being spent to increase capacity of the terminal houses.

At the end of the crop year just closed, Vancouver had shipped more than 41 million bushels of grain, compared with less than 13 million last year.

Mayor Lyle Telford, who has been carrying on a verbal guerilla campaign against the Wheat Board and the elevator interests here, made another abortive sally against the Board when it held recent sessions here. He claimed that the elevator tariff was excessive and that this was one of the factors holding back wheat that should logically come to the Pacific coast for export.

Grain men here stated the mayor and other critics had a misconception of the functions of the elevators here, in relation to those at the lakes and on the Atlantic seaboard. The rate here is 1¼ cents per bushel, the same as at the lake ports. But the Pacific coast elevators combine the functions of the lake and Atlantic terminals by servicing the shipments, cleaning, grading, and so on.

Grain shipped eastward for Atlantic cargoes must pay the lake as well as the transfer charges at eastern ocean ports, thus placing Vancouver actually at a tariff advantage. Grain men here feel that this port has been getting its fair share of the business.

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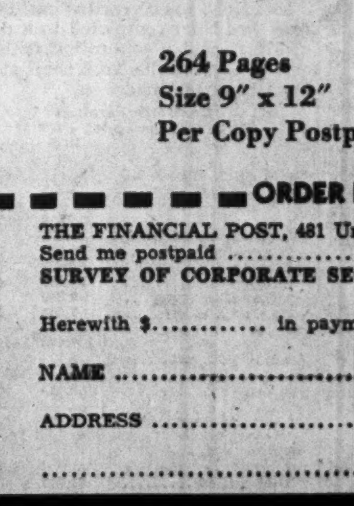

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The Week in Mining

Market More Sensitive To Mine News Reports

Francoeur Almost Doubles in Day When Rich Hole Is Pulled—East Malartic and Kerr-Addison Hit New Highs for Current Year

Market action, absent from the Canadian mining market for many months, was displayed this week when Francoeur Gold Mines moved up from 23 to 45 cents a share in a single day, on news high grade ore had been cut in drilling from surface north of the main zone. Francoeur turnover on the Toronto Stock Exchange that day was 59,900 shares and the next day, when the price moved up 14 cents farther, 197,785 shares changed hands.

While the development at Francoeur may not prove important in itself, it effectively proved that the public is still willing to participate in the market when ore-making chances appear bright.

Although the mining market showed little general trend either up or down, several individual issues were better. East Malartic reached a new high on announcement of a 500-ton increase in milling capacity and Kerr-Addison also touched a new peak, apparently on favorable development results. God's Lake was another issue to show strength, two new showings having been opened up at surface on this property.

Noranda's New Ore

Announcement by Noranda Mines of cutting of good grade ore in drilling from the 3,975-foot level, reported elsewhere in this issue, may mark the end of a search extending over two years. New ore has been sought to replace the great "lower H" ore body which does not extend below the 2,975-foot level.

In a gold mine, failure to find really good grade ore over a vertical section extending from the 2,975 to 3,975-foot horizon in two years would have been regarded as a major catastrophe. But not so with the copper-gold Noranda mine. Drilling carried out previously had indicated an extensive mineralized zone at depth and it was realized a long period would be required to explore it thoroughly.

Then Noranda ore bodies do not occur as veins but rather as "plums." When one ore body is finally bottomed it is normal to expect ore bodies to recur at depth.

And thus it appears to have turned out. The only encouragement previous to the present drill intersection was an area of 40,000 square feet located averaging $3.50 a ton in gold and 0.2% copper. This grade would not give a high margin of profit although the tonnage indicated is large. Drilling now changes the picture, however, and investors will watch with interest the outlining of what is apparently a distinct new ore body.

* * *

Townsites Spring Up

Aside from the dividends paid by gold mines they are of immense benefit in providing work and stimulating industrial activity throughout the country. The rapidity with which new towns spring up is almost amazing. The town of Kearns at the Chesterville Larder Lake mine already boasts a half dozen stores, and close to that number are under construction. The Kearns hotel is the finest structure erected there to date and its brick walls denote the confidence which is felt in the Chesterville future.

When the size of the town of Arntfield, at a smaller mine to the east, is observed, it takes no prophet to forecast that Kearns will eventually be many times its present size. The same holds true of East Malartic. Here is a mine producing $200,000 a month, but outside of two superb hotels the town of Malartic has not really started to expand as yet. Construction of homes should be a big business there in the next few years.

* * *

Yes, There's a Newspaper

One of the most commonplace adjuncts of civilization is the newspaper, and even a frontier town like Kearns has its newspaper. The Virginiatown (Kerr-Addison) and Kearns News issue of July 28, 1939, is a mimeographed two-page paper of foolscap size with all the departments: News, personals, an editorial and advertising. The advertising gives no clue that the paper belongs to a frontier town. There are advertisements for cleaners, sports wear, a beauty shop; but not a single ad. for a prospector wanting a partner!

* * *

New Yellowknife Finds

Reports of new discoveries in the Yellowknife area indicate it may hold the spotlight in Canadian mining this year as far as discoveries are concerned. "Maddy" Madsen, of Madsen Red Lake fame, is reported to have made a strike there and to have returned to the area with Toronto financing interests after a hurried trip eastward. In the Yellowknife area itself, people are very enthused over a vein discovered about a week ago by Tom Payne, 20 miles east of Yellowknife. A man who saw the showing told The Financial Post that it looked very impressive to him.

Thompson Lundmark Gold Mines, which is opening up levels at 150 and 300 feet on its Kim vein, has a new find. A prospecting crew found a vein between the Kim and Treasure Island veins and the new vein has been trenched at 25-foot intervals over a length of 575 feet, showing an average width of about 3 feet. One end of the vein disappears into a sheared zone but the other end is still open, disappearing under overburden at the edge of a lake.

Sampling this vein is progressing with preliminary sampling stated to have given excellent results. Diamond drilling of the vein is also getting started.

* * *

Lead is Active

Activity in the market for lead has been the feature of the non-ferrous metal market recently and a price mark-up of $2 a ton in New York Monday shoved the price of lead to a new high for this year in the New York market. Following this increase, lead was on a basis of 4.85 to 5 cents a pound compared with 5 to 5.05 early last December.

In the United States copper market, there have been four prices quoted recently. There has been the price for export copper, now 10.4 cents a pound, and a three-way split price for U. S. domestic copper. One custom smelter is still quoting 10¼ cents a pound, the majority have a price of 10⅜ cents, and one is still at the oldest figure of 10½ cents.

Demand for copper has been fair and some extra demand from Japan is anticipated before expiration of the U. S. treaty with Japan, after which a ban could be placed on export of copper to that country.

Zinc has enjoyed a good demand for the last week and the East St. Louis price has been moved up a tenth of a cent a pound to 4.6 cents a pound.

* * *

Success Story

Back in the poor stock market days of 1931 a group of important Toronto financial men formed the Very Speculative Syndicate with a capital of $4,000, each member contributing just $100. The shareholders list read like a Who's Who, with men such as R. A. Bryce, president of Macassa; Jack Hammell and the Cockerams each contributing their $100 to the pool. It was stressed at the time that the subscribers must expect to lose their $100.

Fortuné shone on the syndicate, however. The name was changed to Canadian Holdings Ltd. and a $100 share was issued for an unused $4,000 charter. One day Arthur Cockshutt dropped in to see the man assisting in the management. Mr. Cockshutt announced they were going to have another go at MacLeod-Cockshutt and thought Canadian Holdings should buy some. The price had started to rise from three cents but 5,000 shares were purchased at four cents a share.

This investment turned out very profitably with the stock sold all the way up to $4 a share. Moneta Porcupine was purchased at 24 cents a share and a profit was made on it. Macassa was another secured at a low price and a great deal more money could have been made if it had not been sold too soon. The company is still paying dividends and shareholders have received back more than their original investment, while market value of present holdings works out at around $700 for each $100 share even with present depressed price levels.

Canadian Malartic Profit Slightly Off

Diamond Drilling Indicates New Ore Zone at Depth

Operating profit of $103,420 was realized by Canadian Malartic Gold Mines in the three months ended June 30, 1939, compared with $117,730 in the immediately preceding quarter and $110,678 for the same period of last year. Figures in each case are before taxes or write-offs.

During the second quarter of 1939, a new ore body was indicated. The company reports that diamond drilling on the 875-ft. level has indicated a new ore occurrence. Two sections drilled 50 ft. apart show an average grade of 0.19 oz. over a width of 32 ft.

Incomplete drilling indicates that the zone continues for at least 100 ft. additional on each end, in lower grade ore. This discovery is regarded as important as showing persistence of ore occurrence along the porphyry contact at greater depth than previously known.

The No. 3 shaft near the east boundary has been completed to a depth of 375 ft. and a connection with the east drift from the No. 1 shaft at this level has been made.

Quarterly Earnings
Three Months Ended June 30

	1939	1938
	$	$
Metal prod. (gross) ..	255,817	279,177
Less: Mktg. charges ..	3,258	3,666
	252,559	275,511
Less: Diamond drilling	4,073	7,512
Mine devel.	36,612	33,406
Stoping	46,653	58,107
Milling	39,409	41,372
Mine off. & super. ..	8,634	8,147
Gen. exp. at prop. ..	7,604	12,043
	142,985	160,587
Adm. & gen. exp.	6,154	4,246
Total costs	149,139	164,833
Op. prof. for period* ..	103,420	110,678

*Before taxes, depreciation and deferred development.

Production:		
Tons milled	61,047	58,892
Aver. recovery	[illegible]	$4.74

East Malartic Enlarges Mill

Increase of 500 Tons in Capacity—Slated for November

Increase of mill capacity by 500 tons daily has been authorized by directors of East Malartic Mines, The Financial Post learned from Mine Manager J. R. Norrie during a visit to the East Malartic property early this week. The additional equipment to be installed is expected to be in readiness for operation by Nov. 1.

While the mill is currently treating close to 1,000 tons of ore daily, additional ore could be handled with present equipment. Sufficient ore cannot be supplied the mill, however, until the workings are connected up with the surface cut to allow back filling. When this operation is completed in about a month's time, the mill will be brought up to 1,100 tons daily and perhaps as high as 1,200 tons. After the mill increase goes into effect, a total of 1,600 to 1,700 tons of ore should be treated daily.

Costs To Be Lower

Little change in mill heads or costs has been shown recently. Costs for August are definitely expected to be lower since certain non-recurring expenses will be over. Costs at present include approximately $1 per ton for stope development alone and three tons of ore are broken for every ton delivered to the mill. It now appears certain that shaft sinking will be resumed this fall and directors will be asked to authorize this shortly. As drilling has already indicated good ore at close to 1,000 ft. depth, it appears likely ore reserves will be increased beyond the present tonnage when development of new levels starts.

Exploration on the present levels continues to add to the ore picture with approximately 2,100 ft. of continuous ore now opened up at the 485-ft. level. At the new 820-ft. level only a few rounds have so far been taken out. Surface drilling has been started in the eastern part of the property with some values but no ore body yet.

The company has improved its financial position very materially. At commencement of milling the company had a loan of $400,000 as well as $300,000 owing to creditors. Since that, current liabilities have been reduced to around the $150,000 mark. The addition to the mill will not involve the company in any large expense, the cost being estimated at only $100,000 to $120,000.

Quebec's Gold Output Higher

Increase of 16.9% Shown For June Over Same Month Last Year

An increase of 16.9% in gold production was shown by Quebec in June, 1939, over the corresponding month of last year, according to a bulletin issued by the Quebec Bureau of Mines. For the first six months of the current year output of 484,414 oz. of gold showed an increase of 14.1% over the first half of last year.

The largest strictly gold producer in the first half of the year was Lamaque Gold Mines with its production of $2,300,906. This was close to double that of the next producer, Beattie Gold Mines, which had an output of $1,214,110.

East Malartic Mines and Siscoe Gold Mines followed Beattie closely with output of $1,116,646 and $1,013,663 respectively. Then came Sigma with a recovery of $946,964.

Figures on the tonnage of ore treated and gold output of Quebec by Mines for the first half of 1939 are as follows:

Mine:	Ore treated tons	Gold output $
Arntfield	63,962	203,506
Beattie	304,285	1,214,110
Belleterre	37,061	338,661
Canadian Malartic ...	119,259	536,049
Cournor	37,728	168,065
East Malartic	167,109	1,116,646
Francoeur	27,433	174,077
Lamaque	216,366	2,300,906
Lapa-Cadillac	44,414	152,313
McWatters	16,758	201,045
O'Brien	28,757	683,581
Perron	63,917	659,285
Powell-Rouyn	122,307	624,582
Sigma	121,773	946,964
Siscoe	108,281	1,013,663
Sladen-Malartic	72,464	235,713
Stadacona	66,442	376,704
Sullivan	60,432	568,326
Eight other mines* ..	......	5,517,800
Total	......	17,031,996

*Other gold and base metal mines.

Leitch Earnings Rise in Quarter

Production Sets New Record During Second Period

An increase in earnings is shown by Leitch Gold Mines for the second quarter of 1939 with net profits of $64,023 equal to 2.2 cents a share as against $54,191, or 1.9 cents a share, in the first three months of the year.

Production of $188,686 during the second quarter constituted a new record and was obtained from 7,899 tons of ore milled for an average recovery of $23.89 per ton. Average recovery during the three months has only been exceeded in the second quarter of 1938 when the average was $24.34 a ton. Gain in the profit in the second quarter of 1939 compared with the previous three months was due almost equally to increase in production and to decrease in operating costs.

Details of operations in the second quarter follow:

Earnings Statement
Three Months Ended June 30, 1939

	$
Bullion production	188,686
Less: Oper. & adm. exps.	102,744
Net oper. earnings	85,942
Add: Other income	1,260
Total net earnings	87,202
Less: Depreciation	11,616
Deferred devel. written off ..	7,977
Outside exploration	536
Reserve for taxes	3,050
Net profit	64,023

The Week in Oils

Final Pipe Line Decision Awaits Analysis Of Data

Oil Resources, the Weather and Eastern Oil Market Are Key Factors—Financing By Bonds is Considered—Allowables Cut

English capitalists who have been discussing possibility of a pipe line from Alberta oil fields to the Great Lakes have gone home. But activity in connection with the project is still very lively.

Extensive studies of the economics of the pipe-line scheme are being made. It will be many months before enough material will have been gathered to permit a final decision to be arrived at.

There are three factors upon which considerable further investigation is required.

First is the problem of determining the certain oil resources of the province. Obviously a pipe line from Turner Valley to the head of the lakes will be an expensive investment. Before it could be built it would be necessary to be sure that there was enough oil already proved up to cover interest and amortization of the full amount of the investment.

Oil men differ as to the extent of the proved resources of Alberta. All are confident that the province will in time prove up much larger areas of flush production. But not all oil men are prepared to assert that presently proved reserves are sufficient to justify so large an investment of new capital. A careful study of conflicting geological and engineering reports is an essential next step that the promoters have in mind.

* * *

Weather Important

A second factor is the technical one of the possibility of piping oil for so great a distance under Canadian climatic conditions. Prairie temperatures are not the same as the temperatures in Iran or even the American mid-continent where oil is piped for similar distances.

A third factor is the attitude of the oil distributing companies in the eastern Canada field. They have developed their market on the basis of a certain balance between gasoline and fuel oil sales. Turner Valley crude is high in gasoline content, low in fuel oil content.

However, some of the newer fields in Alberta promise to produce a crude closer akin to the mid-continent crudes in character while the tarlands produce a heavy crude ideal for the Ontario and Quebec markets.

* * *

Bonds Proposed

Some preliminary discussion has taken place as to financing best suited to such an enterprise. The Financial Post understands one of the schemes under consideration is the use of bonds of the type issued for toll bridges.

Such bonds are usually issued as obligations of an "authority" created by legislation. The tolls charged are expected to pay off the bonds within a reasonable term after which the bridges become the property of the state.

It has been suggested that with Dominion Government co-operation, either by way of subsidy or authority for the construction of the line, a Canadian Pipe Line Authority could be set up to issue serial or sinking fund bonds to the public. Such bonds, it is said, would find a ready market in Great Britain and the United States. After the bonds had been paid off, the pipe line would be owned by the Dominion Government.

Present plans, it is understood, do not envision the construction of a pipe line westward to the Pacific coast.

* * *

Data Assembled

Cost of a pipe line has been estimated at $32 millions. Expert opinion is available to calculate that there are at least 268 million barrels of crude to be got from the present Alberta fields over the long term, but there is other expert opinion to say that such a figure is much too high. Market to be served by the pipe line, including Saskatchewan, Manitoba and Ontario, is computed at roughly 20 million barrels per year.

In short, sponsors of the plan think there is enough oil available to keep the pipe line operating for at least 13½ years.

Based on this assumption, proposal is that Dominion Government put up part of money in order to imply approval of the plan. British capital would finance balance through 12-year bonds. When the bonds were retired in 12 years, Canadian Government would become the the outright owner.

The pipe line would be a common carrier, open to all shippers, and rates, etc., would be governed by Ottawa. Figures are understood to have been worked out to show that such a line, plus fleet tankers on lakes, could lay down crude at Sarnia for $1.57 per barrel, against $1.80 or more paid for present supplies.

Appeal of the scheme to British capital is largely as a potentially safe investment for 12 years. Ottawa officialdom is said to be interested in the proposition, but much will depend on the verdict produced by expert analysis of the situation.

* * *

Turner Valley Investment

The invested capital in Turner Valley is estimated by the Alberta Petroleum Association at approximately $75 millions. On this sum, dividends were paid in 1938 amounting to $1,824,611 and royalties, including $526,000 to the Provincial Government, amounted to $3,750,000.

Other interesting statistics provided by the Alberta Petroleum Association survey, just completed, show the approximate payroll for oil company employees in Turner Valley in continuous service at $2,780,987 a year; and the approximate daily average number of men engaged 1,800.

It is estimated 19.5 million barrels of crude have been removed from the Turner Valley structure and 175 million barrels remain to be recovered from known production areas. Average daily crude market demand for Saskatchewan, Alberta and part of Manitoba is 19,768 barrels a day. The field, under proration, is now producing 22,000 barrels daily. The potential production from producers completed to date is in excess of 62,000 barrels daily.

The prairie market demand is being met, on the average, by 18,290 barrels from Turner Valley and 1,569 barrels daily imported from the United States.

* * *

Allowables Reduced

Alberta oil operators are not greatly perturbed concerning a slash in the allowable crude production of Turner Valley from 27,000 barrels daily to 22,000 barrels daily, even though it means a total loss of about $6,100 a day to oil companies as a whole. It was realized generally that under the 27,000-barrel total production was in excess of the available market demand, storage of oil was mounting, and a cut in the allowable was bound to be instituted by the conservation board. Oil men are confident the cut is only temporary and allowable yield will be increased considerably—perhaps to above 30,000 barrels daily—when harvesting operations are commenced in the West.

* * *

More Producers

The new schedule lists 81 crude producers in Turner Valley compared with 78 listed in the old schedule. The average allowable yield per well is now 272 barrels daily compared with 347 barrels daily previously.

The three new producers listed and their allowables are: Anglo-Canadian 5, 545 barrels daily; Okalta 8, 471 barrels daily; and Winalta, 250 barrels daily. Scottish Petroleums has since been completed.

Wells likely to be completed in August, whose production must be taken care of by the conservation board, include Royalite 39, Royalite 40, Anglo 6, Okalta 7, Royalite, 41 and Royal Canadian 3.

New wells just started or about to start shortly include Alco, Comman, Home-Millarville 9, Home-Millarville 4, Phillips lease commitments for two wells, Royalite 45 and Vanpeg Royalties.

Normetal's Grade Better At Depth

New Level at 1,385 ft. Shows 4.2% Copper Over Six Feet

Following sinking of the winze from 800 to 1,400 ft. by Normetal Mining Corp. with levels established at 935, 1,085, 1,235 and 1,385 ft., crosscuts at the 935 and 1,385-ft. levels intersected copper ore at points farther west than on the upper levels.

The importance of this new ore will not be known until considerable development work has been done but at the 935-ft. level grade runs 3.12% copper across 5 ft. and at the 1,385-ft. level grade is 4.2% copper across a width of approximately 6 ft. In a drift on the 935-ft. level of No. 2 shaft, 3% copper ore has also been exposed for a length of 85 ft. with an average width of 5⅓ ft.

Approximately 8,100 tons of long dry tons of zinc concentrates are stated to have been sold for prompt delivery to European smelters, at a guaranteed minimum slightly above the market. Copper concentrates have been shipped regularly to the Noranda smelter. Improvements in metallurgical practice are giving a better grade of copper and zinc concentrate as well as slightly better recovery.

New Ore Betters Francoeur Hopes

Diamond drilling at the property of Francoeur Gold Mines, in Beauchastel twp., Que., has cut an entirely new ore body 800 ft. north of the main ore zone, running $12.01 across a true width of 28 ft. A second hole started Monday will cut the zone 50 ft. west of the first hole.

Development of $12 grade ore would be very important to Francoeur, which is now treating a grade only slightly over $6 a ton. An official of the company informs The Financial Post, however, that best possibilities are felt to lie in what may be found at depth. The main zone dips sharply to the north and should intersect the near-vertical north zone at a depth of about 1,200 ft. The juncture of the two zones may present a much greater concentration of values, it is reasoned.

Noranda Cuts Ore At Depth

Good Grade Gold Ore Cut From 3,975 Level

An official statement released by Noranda Mines reports cutting of good grade ore at depth for the first time.

Text of the statement follows:

"Two intersections of good grade gold ore have just been obtained in a diamond drill hole drilled from the 3,975-ft. level at a vertical angle of 70 degrees. This hole was drilled on a north-south plane 150 ft. east of No. 3 shaft and the lower ore intersection is approximately 150 ft. east and 150 north of No. 3 shaft. After passing through a mixture of massive pyrite and rhyolite with very low gold values a 45 ft. length of sericitic rhyolite was cut between depths of 440 and 485 ft. This 45 ft. averaged $12.10 per ton gold.

"The hole then passed through 150 ft. of practically barren rhyolite and then back into sericitic rhyolite and is still in this material to date. The 165 ft. from 635 ft. to 800 ft. averaged $7.63 per ton gold. As this is the only hole drilled below the 3,975-ft. level to date in which this type and grade of ore has been found, there is no evidence as to the extent and shape of the ore body and further drilling will have to be done before the importance of this ore intersection can be determined."

Preston Bonds Being Retired

Anticipate Redeeming All of Issue by Year End

At the rate Preston East Dome Mines is now retiring its bonds, the entire issue will be redeemed by the end of the present year, shareholders were informed at the annual meeting held last Monday. Bonds valued at $135,000 have already been purchased on the open market and another $215,000 is being put aside for redemption of additional bonds.

Recent developments have increased ore reserves considerably, it is stated. Since March 1, 1939, 1,314 ft. of new ore have been opened up on the fourth, fifth and sixth levels to which should be added 400 ft. of ore partially opened up at the time of the annual report as this was not then included in ore reserves.

Results at 675-ft. Level

In the hanging wall section south of the shaft at the 675-ft. level the 601 east and west drifts show 396 ft. of continuous ore grading 0.59 oz. uncut and 0.29 oz. cut across drift widths. A raise to the 550-ft. level averaged 0.61 oz. cut grade. An exploratory hole put out south from the 675-ft. level returned 22 ft. of ore.

Production for the five months of operation ended July 31, 1939, amounted to $644,000 from 54,219 tons of ore, an average of $11.88 per ton. This included 2,130 tons of high-grade which assayed 3.08 oz. uncut or 0.63 oz. cut. Excluding the high-grade the average recovery was $9.80 per ton or somewhat above the average of the ore reserves.

The mill is handling 400 tons of ore daily which is considered enough for the present although it can be stepped up to 500 tons a little later at small expense. Mine operating costs the five months ended July 31 averaged $3.70 per ton, subject to increase because of heavy development, but are not expected to rise much above $4 per ton.

Smelters Reduces Staff of Workers

Less Construction, Low Metal Prices Given as Reasons

From Our Own Correspondent

VANCOUVER.—Although nearly 600 men have been laid off in recent months by Consolidated Mining & Smelting Company, President S. G. Blaylock has issued a statement to the effect that no further "serious reduction in force" is contemplated.

A total of 3,708 men are still on the payroll of the big lead-zinc producer in the Kootenay. Mr. Blaylock points out that the construction crew is still larger than at any time prior to 1937, except for a few months in 1930-31. New construction gave work to approximately 600 men for the last several years, but most of the building programme is now completed.

Low price for base metals is also one of the reasons for the layoffs. Increasing metal prices and markets might even make some small increases, Mr. Blaylock said.

New Deal Offered To Pontiac Rouyn

Shareholders' Meeting Is Called Aug. 8 to Obtain Approval

Directors of Pontiac Rouyn Mines have called a special meeting of shareholders for Aug. 8, in Toronto, to secure approval to sale of the company's property to a new company, Pontiac Rouyn Mines (1939). Deal would be on a share-for-share basis, with shares of the new company to be held in escrow for a period of two years and thereafter at the discretion of the Ontario Securities Commission.

The new company will have an authorized capital of 3.5 million shares, leaving over one million shares in the treasury for financing, as only 2,365,156 shares will have to be issued in exchange for old company shares if the deal is approved.

Minefinders Ltd. and Rhodes Exploration & Finance of Canada Ltd. have agreed to an underwriting and option agreement on unissued shares of the new company. The underwriting will cover 200,000 shares of stock for a consideration of $35,000, which is to be on deposit to credit of the new company at the time the property of the old company is transferred to it.

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Estimates Are Substantiated At Chesterville Mill Opening

With official pouring of a gold brick and opening of the mill at the property of Chesterville Larder Lake Gold Mining Co., in the Larder Lake area last week preproduction estimates began to be realized in actual milling operations.

It was a particularly happy occasion for J. T. Kearns, secretary-treasurer and managing director, to whom it meant the end of a wait of 33 years to see the property brought to the production stage. Not one of the hundred or more people present, including a party of 40 or 50 from Toronto, enjoyed himself more than did Mr. Kearns as he watched his son, L. J. Kearns, president of the company, do the pouring.

Mill is Impressive

Visitors through the mill were impressed by the fine machinery installed and the exact arrangement of every detail. Chesterville has one of the best equipped mills in the north country.

Underground are no vault doors to keep visitors from high grade ore as has happened at times in the north but there were evidences of huge ore bodies to supply the mill for years to come. Much of the equipment, including the underground crusher, is of oversize capacity to allow an easy expansion of the mill.

Two gold bricks were poured with a combined weight of 1,425.2 oz. As the bricks were 80.5% pure this represented a gold production of $40,155. On a previous pouring output was $27,350.

Daily Average 500 Tons

During the period from July 10 to July 25, the mill treated an average of 500 tons of ore daily and has handled considerably higher than that figure on occasion. Mill heads during that period averaged $6.11 per ton, including considerable lower grade from the surface dump and a very small amount from development. When regular mine ore is handled a figure of at least $6.80 a ton is now anticipated.

Ore from the A ore body has been found to contain a large proportion of quartz and while this is holding down the tonnage of ore milled it is felt that the quartz may carry better than average gold values.

Operating costs for July will be around $3.25 per ton, The Financial Post was informed, and it is possible that costs will be down to $3 in August. It is felt that non-operating charges will be in the neighborhood of $1 a ton a year. Deferred development is to be charged at the rate of 15% per annum. Tailings have been running in the neighborhood of 35 cents a ton or a little higher but it is anticipated they will soon be reduced to about 28 cents a ton.

From results so far obtained it is evident a substantial profit is being realized.

Shaft Sinking Completed At Jerome Gold Property

Shaft sinking at the property of Jerome Gold Mines was completed to depth of 500 ft. on June 30, according to the quarterly report of Mining Corp. of Canada, and crosscutting to the ore zone was expected to be under way at the end of July.

The property has been equipped with a Diesel mining plant and the necessary camp buildings. Shaft is of three-compartment size.

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Holding Stocks Sell Below Break-up Value

Decline Shown in Ratio of Prices To Working Capital and Stocks

By GORDON M. GRANT
Staff Writer, The Financial Post

Never before have Canadian mining holding companies' shares offered so much for the investor's dollar. Not only have these issues been driven down along with other shares but they have been forced down even more than individual securities comprising their portfolios.

Consequently, many holding companies are now selling at less than half break-up value in working capital and marketable securities. It is certainly a far cry from the boom days of 1929 when investors were scrambling for this type of share and were willing to pay even more than the so-called "break-up" value.

What are the reasons for the apparent bearish change in viewpoint of investors?

Several explanations are offered, the most plausible being as follows:

1. Holding companies' shares are not market favorites and the public likes to see market action in the shares it buys;

2. Only a small proportion of earnings is distributed by holding companies and their shares do not make a good investment;

3. Break-up values are only pleasing fictions as any attempt to liquidate heavy investment portfolios would cause a market break.

These criticisms are partly true but a great deal remains to be said on the other side. Holding companies' stocks fluctuate less from day to day than other mining issues. They provide diversification because of the broad list of securities held.

While some companies have been niggardly in dividends paid because it has been decided that earnings could be better used for expansion, others have been generous in their distributions sometimes making distributions not fully covered by earnings.

Break-up values may not be completely realizable values but, generally speaking, values placed on securities by the market are not unduly inflated.

Reviews of some Canadian mining holding companies are given below.

International Mining Corp.

Price, $7.00. Break-up value, *$9.55.
Amount earned: 1938, 52c.; 1937, $1.13.
Dividends paid: 1938, 50c.; 1937, 90c.
*Estimated.

With its mining and oil interests extending through North and South America and the Far East, International Mining Corporation is one of the large mine financing organizations of the world. The most important commitment has been in the placer gold dredging concerns, Bulolo Gold Dredging and Placer Development. The corporation is also an important shareholder of Noranda Mines. No properties are held directly by the corporation, all exploration being carried out through subsidiaries.

In addition to the securities listed below, numerous investments, totalling three quarters of a million dollars, have been made in other ventures whose securities are not regularly quoted. That this is an important investment was revealed when 400,000 ordinary shares of British American Tin Mines carried at $72,124 were liquidated at a profit of $418,751 in April this year. This profit was equal to about 80 cents a share to International Mining. The corporation follows a policy of gradually reacquiring its own shares and this is having the effect of pushing up break-up value of shares remaining outstanding.

Shares held by the company on Dec. 31, 1938, quoted on U. S. and other exchanges, were as follows:

	Shares held	Quoted value $
Common stocks:		
Bulolo Gold Dredging ..	87,000	2,283,167
Bunker Hill & Sullivan .	13,600	193,800
Creole Petroleum Corp. .	12,000	285,000
Fansteel Metallur. Corp.	12,400	55,800
Gulf Oil Corp.	600	23,550
Kennecott Copper Corp..	3,200	140,000
Mid-Cont. Petroleum ...	3,000	49,500
Noranda Mines	7,125	571,534
Ohio Oil Co.	5,500	53,625
Pacific Tin Corp.	2,150	44,612
Petroleum Corp. of America	5,800	55,825
Phelps Dodge Corp.	4,900	212,537
Placer Development	24,870	320,176
Pure Oil Co.	13,100	144,100
Salt Dome Oil Corp.	9,200	152,950
St. Joseph Lead	3,600	165,600
Silver King Coalition ..	6,500	41,437
Standard Oil of N. J.	4,567	242,622
Superior Oil of Cal.	1,700	71,400
Texas Pacific Coal & Oil Co.	10,800	106,650

Sudbury Basin

Price, $2.20. Break-up value, $4.45.
Amount earned: 1938, 13c.; 1937, 19c.
Dividends paid: 1938, nil; 1937, 10c.

With the value placed by the market on its shares only 49.4% of market value of known holdings, Sudbury Basin Mines demonstrates the low level to which prices of shares of holding companies can be depressed. The company's chief investment is in Falconbridge Nickel Mines which has been a steady dividend payer for a number of years. Sudbury Basin's holdings are equivalent to two Falconbridge Nickel shares for each three Sudbury Basin shares now outstanding. Falconbridge is selling around the $5.50 mark while Sudbury Basin shares are $2.20.

Besides its holdings in quoted securities, Sudbury Basin has invested an amount equivalent to 30 cents a share in La Luz Mines during the last two years. La Luz will commence production shortly and a really profitable operation appears indicated; ore reserves are very large.

Dividends paid by Sudbury Basin have been small and perhaps disappointing to many shareholders. Now that expenditures on the La Luz project are drawing to a close, however, it is reasonable to expect that disbursements will be larger. A dividend of 5 cents was paid July 27.

Quoted securities reported at the end of 1938 are given below:

	Shares held	Quoted value $
Beattie Gold Mines ..	49,100	58,920
Canadian Malartic ...	882,882	618,017
Falconbridge Nickel ..	1,196,650	5,815,750
Hoyle Gold Mines ...	255,272	97,003
Lake Dufault Mines ..	49,500	16,335
Matachewan Consol. .	930,972	279,292
Sherritt Gordon Mines	254,690	259,764
Nipissing Mines	42,850	58,705
		7,203,806

Anglo-Huronian

Price, $2.30. Break-up value, *$4.24.
Amount earned: 1938, 13c.; 1937, 80c.
Dividends paid: 1938, 10c. 1937, 40c.
*As at July 31, 1938.

Like many other holding companies, Anglo-Huronian was hit very hard by the decline of speculative profits after 1937 when public response to new security issues became smaller and smaller. Profits on securities comprised bulk of revenue at $1,030,997 in the 1937 fiscal year, while the succeeding year a loss of $300,750 was experienced on this account.

But a change may be at hand, and dividend income may now replace income from speculative profits. When Read-Authier Mine distributed its Lamaque and Sigma holdings, Anglo-Huronian received a large number of shares in each as a large Read-Authier shareholder. Both Lamaque and Sigma have paid off loans for bringing them into production and Lamaque is already paying regular dividends; Sigma should not be far behind.

Break-up value of $4.24 a share for Anglo-Huronian is reported for July 31, 1938, as no figures on individual security holdings are released. It is likely break-up value has been well maintained if not actually increased since market value of Read-Authier shares in July, 1938, did not accurately reflect holdings of Lamaque and Sigma shares. Besides its Lamaque and Sigma shares, Anglo-Huronian is interested in Castle Trethewey Mines, Kerr-Addison Gold Mines, Privateer Gold Mine and Prospectors Airways.

Ventures

Price, $4.90. Break-up value, $11.61.
Amount earned: 1938, 47c.; 1937, 50c.
Dividends paid: 1938, 22½c.; 1937, 37½c.

In working out break-up value per share on Ventures Ltd., only companies in which exact shareholdings were known at the end of 1938 have been included in addition to working capital. Interests in numerous other companies with a substantial market value are held but as details are not available they have not been included. Then, there are certain companies whose stocks are not quoted, La Luz Mines, for instance, in which the company has been participating with Sudbury Basin, and in which Ventures will have a 60.5% interest, direct and indirect, on completion of financing. Ventures also owns a group of companies interested in development of special alloys; these may eventually prove profitable to the company.

Taking shares of Sudbury Basin Mines at break-up value of $4.45 a share rather than at current market price, break-up value of Ventures shares would be boosted from $11.61 to $13.11 a share. On this basis, market value is only 37.4% of break-up value for Ventures shares. Over a period of years, Ventures has been gradually increasing its holdings in Sudbury Basin and it is anticipated Ventures will eventually take over Sudbury Basin's assets, issuing Ventures shares in exchange. As Ventures already holds a 62.1% interest in Sudbury Basin, taking over the company would not greatly dilute the number of Ventures shares outstanding.

	Shares held	Quoted value $
Beattie Gold Mines ..	2,131,967	2,558,360
Canadian Malartic ...	467,373	327,161
Coniaurum Mines ...	1,429,257	2,972,855
Falconbridge Nickel ..	1,340,990	7,375,445
Hoyle Gold Mines ...	1,042,148	396,016
Matachewan Consol. .	918,655	275,597
Sudbury Basin Mines	1,049,110	2,308,042
Pascalis Gold Mines .	785,464	682,113
Lake Dufault	unstated	......
Proprietary Mines ...	unstated	......
Kiena Gold Mines ...	unstated	......
Island Lake Mines ...	1,363,752	......
Fernland Gold Mines.	unstated	......
Kerr-Addison Gold M.	unstated	......
Kewagama Gold Mines	unstated	......
Opemiska Copper M..	2,000,000	160,000
Pelletier Lake	unstated	......
Prospectors Airways .	unstated	......
Sherritt Gordon Mines	unstated	......
Thompson-Lundmark.	unstated	......
		17,055,589

Placer Development

Price, $13.00. Break-up value, value, $14,84.
Amount earned; 1938, $1.21; 1937, $1.31.
Dividends paid; 1938, $1.20; 1937, $1.20.

The criticism that holding companies tend to hold back earnings from shareholders through small dividend distributions cannot be levied against Placer Development. Approximately 90% of earnings have been turned back to shareholders the last few years and no change in this policy appears contemplated. In addition to its holdings in Bulolo and Pato Consolidated shown below and used in the calculation of break-up value, Placer Development has interests in other companies including 615,000 out of 1.5 million shares of Asnazu Gold Dredging, operating gold dredging ground in Colombia, S.A. Asnazu pays regular dividends.

Placer Development's policy is to investigate and develop placer and other mining properties with a view to acquiring properties of proved value, later turning them over to operating companies.

	Shares held	Quoted value $
Bulolo Gold Dredging	300,000	7,125,000
Pato Consolidated ...	1,150,000	2,530,000
		9,655,000

Proprietary Mines

Price, $1.95. Break-up value, $2.12.
Amount earned: Not reported.
Dividends paid: None yet paid.

When Proprietary Mines was incorporated in 1930, it took over the assets of Canadian Associated Goldfields from creditors. Little interest existed in the Larder Lake until 1935, however, when Omega Mines got going. Kerr-Addison was formed on some Proprietary claims somewhat later as an exploration bet and when results were better than expected, Proprietary found itself with a substantial asset in its holding of over one million Kerr-Addison shares. Proprietary also holds a number of power developments in the Larder Lake area, revenue from this source running over $5,000 monthly. Regular income of $50,000 annually is received from sales of real estate in the Larder Lake townsite.

Security holdings are as follows:

	Shares held	Quoted value $
Kerr-Addison	1,024,375	2,058,994
Omega Gold Mines ..	10,610	3,533
Raven River Mines ..	1,520,350	......
		2,062,527

Premier Gold Mining

Price, $1.85. Break-up value, $1.10.
Amount earned: 1938, 5c.; 1937, 5c.
Dividends paid: 1938, 12c; 1937, 15c.

Through its affiliations with American Smelting and Refining Co., Premier Gold Mining Co. reaps a twofold benefit. Profitable participations are secured in many promising ventures which would not otherwise be available and any exploration undertaken can be shared with the ASR interests so that a larger number of properties can be investigated with chances of success consequently multiplied.

Many of Premier's investments are not marketable and break-up value is not as good a test of value for Premier as with other companies. Revenue from unquoted securities will likely continue to be as great as that from quoted securities.

Details of all Premier's quoted stocks are as follows:

	Shares held	Quoted value $
Continental Kirkland .	408,333	30,625
Porter Idaho	1,651,406	27,578
Relief-Arlington Mines	1,530,000	198,900
Silbak Premier Mines	1,250,000	1,562,500
Toburn Gold Mines ..	1,490,008	2,831,011
		4,650,614

Perhaps unquoted shares may prove the most valuable part of Premier's investments. Dividends have been commenced by Big Bell Mines this year and it is expected that earnings will be higher in 1939 on this account. If Big Bell had distributed its 1938 profit in dividends, Premier's earnings would almost have been tripled. Profitable milling has been started with a 300-ton mill at the Neptune Gold Mining Co., operation in the Pis Pis district, Nicaragua, while milling should be commenced at the Saudi Arabian property in 1939. Details of holdings for which quotations are not available are as follows:

	Shares held	Book value $
Common stocks:		
Silverado Consolidated .	181,240	1
Central Porphyry Contacts	756,000	20,586
Anglo-Queensld. Min. ..	5,500	21,731
Big Bell Mines	160,000	640,885
Saudi Arabian Min. Syndicate	4,289	711,932
Milton Gold Mines	15,000	1
Neptune Gold Min. Co. .	1,700	1
Beaverhouse Lake	215,600	43,120
Debenture notes:		
Relief-Arlington		50,000
Neptune Gold Mining Co.		196,714

Mining Corporation

Price, $1.30. Break-up value, $3.04.
Amount earned: 1938, 5c.; 1937, 7c.
Dividends paid: None since 1929.

Backlog of the Mining Corporation of Canada Investment portfolio is its holding of 81,287 shares of Hudson Bay Mining and Smelting Co. currently valued at $2.7 millions. Company is continuing its search for a really profitable producing mine and it is hoped that the newly-formed Jerome Gold Mines may provide the answer. While Mining Corporation has been only moderately successful in recent years, the financial position has been well maintained. An active exploration programme is being carried on and finances are sufficient for development of any promising properties located.

	Shares held	Quoted value $
Ashley Gold	1,591,798	103,467
Base Metals	790,500	115,928
Bidgood Kirkland	50,000	7,750
Camlaren Mines	1,131,195	33,936
Consolidated Mining .	200	8,950
Hudson Bay Mining .	81,287	2,763,758
Kerr-Addison Gold M.	139,000	279,390
Laguna Gold Mines ..	1,276,815	153,218
Normetal	2,486,665	1,616,332
Oro Plata	12,675	3,549
Quemont Mining	1,111,249	400,050
		5,486,328

Nipissing Mines

Price, $1.36. Break-up value, $2.70.
Amount earned: 1938, 15c; 1937, 37c.
Dividends paid. 1938, 15c.; 1937, 37c.

The only quoted stock held by Nipissing Mines Co., is Beattie Gold Mines in which a total of approximately 1,445,000 shares were held at the end of 1938 with a market value of $1,734,000 at present. In addition, Nipissing has government railroad and industrial bonds with market value of $1,347,400 at the end of 1938.

Exploration of the Picacho gold property in the southeastern part of California is now being undertaken by the company with the expectation that a large-tonnage low-grade milling operation will result. To date drilling has indicated 1,800,000 tons of ore averaging about $2 per ton. Nipissing can secure control by paying into the treasury of the Picacho company $333,000 less any amount still owing on a mortgage of $200,000 Nipissing has taken on the property.

Coniagas

Price, $1.72. Break-up value,* $3.47.
Amount earned: 1938, 10c.; 1937, †6c.
Dividends paid: 1938, 25c.; 1937, nil.
*As at Dec. 31, 1938. †Deficit.

Coniagas Mines is one of the companies which follows a practice of not detailing all security holdings and consequently it is difficult to estimate the value behind each share at any particular point of time. At the end of 1938 investments with a market value of $2,635,319 included $616,203 of government bonds and trustee investments, 434,700 shares of Coniaurum Mines and 854,542 shares of Sturgeon River Gold Mines. Shares of Coniaurum Mines are selling at practically the same price as at the end of the year, while Sturgeon River shares have declined from 22 to 15 cents a share. Market value of Coniaurum and Sturgeon River shares is shown below:

	Shares held	Quoted value $
Coniaurum Mines ...	434,700	904,176
Sturgeon River	854,542	128,181
		1,032,357

Castle Trethewey

Price, 76c. Break-up value,* $1.17.
Amount earned: 1939, 2.9c.; 1938, 3c.
Dividends paid: None paid since 1919.
*As at Mar. 31, 1939.

Castle Trethewey is really a holding company, although it was formerly a silver producer at Cobalt where some reserves of silver ore remain to be treated when silver prices warrant. On March 31, 1939, working capital amounted to $2,340,581 including securities with a book value of $429,969 at market of $1,982,000. In addition to high grade stocks the company has 2,460,000 shares of Omega Gold Mines.

Quebec Gold Mining

Price, 36c. Break-up value, 80c.
Amount earned: 1938, 1.5c.; 1937, 4.3c.
Dividends paid: 1938, 2c.; 1937, nil.

Chief assets of Quebec Gold Mining Corporation are shares in Pamour Porcupine Mines and Big Missouri Mining Corp. The former is now bringing in a regular income. Both Cournor and National Malartic in which the company is interested have been reorganized but an improved position is expected to result from this.

Shareholdings as at Jan. 31, 1939, were as follows:

	Shares held	Quoted value $
Big Missouri	567,600	635,712
Pamour	490,000	1,127,000
Cournor Min. Corp. ..	1,105,278	......
National Malartic ...	1,075,428	172,068
		1,934,780

Towagamac

Price, 37c. Break-up value, 59c.
Amount earned: 1938, 4c.; 1937 †1c.
Dividends paid: None yet paid.
†Deficit.

Practically the entire interest in Towagamac Exploration Co. lies in the shareholdings reported below. Outside exploration is not being carried on at present and working capital is only nominal aside from shareholdings.

	Shares held	Quoted value $
Aldermac C'per Corp.	1,090,765	349,045
Francoeur Gold Mines	642,000	378,780
Lake Geneva Mining .	487,826	53,661
		781,486

Harker

Price, 8c. Break-up value, 12.8c.
Amount earned: 1938, 1/3c.; 1937, nil.
Dividends paid: None to date.

Exploration is not being carried on by Harker Gold Mines, and interest now centres in the company's shareholdings enumerated below rather than the property in the Lightning River district, closed down in 1929.

	Shares held	Quoted value $
Pickle Crow	34,174	160,618
Uchi	250,000	295,000
Jacola Mines	183,333	8,250
Val d'Or Minerals	14,674	16,875
Anaconda Copper	100	2,625
		483,368

The Bargain Table

Striking decline in the last three years in ratio of share prices of mining holding companies to value of working capital and marketable securities, is shown below:

	Now %	1936 %
Ventures	42.2	68.0
Mining Corporation	42.8	82.5
Quebec Gold Mining Corp.	45.0	67.3
Sudbury Basin	49.4	58.2
Coniagas	**49.6	69.6
Nipissing	50	74.6
Anglo-Huronian*	54.2	101.2
Towagamac	62.7	56.5
Castle-Trethewey	65.0	84.9
International Mining x	73.3	102.6
Placer Development	87.6	z112.9
Premier Gold Mining	168.2	195.7

*Figures are for July 31, 1936 and 1938. zJuly, 1937. **Dec. 31, 1938. xEstimated. Table by The Financial Post.

Mining Concentrates

Arntfield Gold Mines is studying the relationship between the new strike on the Francoeur property and the Arntfield property. Arntfield also holds 741,250 shares of Arncoeur Gold Mines whose property lies on the other side of Francoeur. Production of Arntfield for July is expected to be close to the record output of March, it is stated.

* * *

Bear Exploration & Radium has suspended milling operations at its Contact Lake property temporarily due to the low price of silver, the company informs the Toronto Stock Exchange. Efforts are to be concentrated on pitchblende showings, several of which have been proved. A geophysical survey is now being carried out. The company's interests in the Yellowknife area are being protected by assessment work and a certain amount of exploration is also being carried out. Thomas F. Lee has been replaced on the B. E. A. R. board of directors by Carl French of the Eldorado organization.

* * *

Bulolo Gold Dredging announces that its new No. 7 dredge has been placed in operation and is working satisfactorily. Construction of No. 8 dredge is up to schedule and production is expected by the year end. Operation at all other dredges is stated to be proceeding normally.

* * *

Crescent Kirkland is stated to have opened up three veins in its new 100-ft. wide zone located at surface. The No. 1 vein, traced for over 800 ft. and stripped for 100 ft., has returned assays ranging from $2.45 a ton across 15 inches to $123.20 across 12 inches, with more high assays than low ones. The No. 2 vein has been sampled for 40 ft. The lowest value obtained is $4.55 across 24 inches and the next one runs $40.25 across 12 inches. The third vein has just been uncovered. There is $30,000 at present in the Crescent Kirkland treasury for an exploration programme.

* * *

Duquesne Mining Co. has received payment for an additional 40,994 shares at 15 cents a share, representing part of July 25 option comprising 90,994 shares under agreement of Dec. 15, 1939, with K. J. Housie which was assigned to Cateros Ltd. In addition, 27,975 shares have been issued under the drilling contract and 4,500 shares to the president, A. B. Davidson, and 5,000 shares to C. Glenn Hunter, the vice-president. Issued capital is 2,086,876 shares.

* * *

Edgecreek Gold Mines (1936) has resumed work on its property in the Beattie-Munro area, according to President H. S. Hamill, and work is under the direction of J. G. Farquharson. The company plans to sink a prospect shaft to a depth of 100 feet.

* * *

Granada Gold Mines has disposed of its property to a Quebec company, Granabec Gold, with an authorized capital of five million shares. Shareholders are to receive one share in the Quebec company for each Granada share held. This will necessitate the new company issuing 1,269,256 of its shares. To facilitate refinancing, shares of Granabeck issued in exchange will be pooled until $100,000 of new capital has been raised, over and above present liabilities of $70,000, but in no event for longer than one year from July 15, 1939, unless extension has been authorized by shareholders. Meanwhile, registration of ownership of shares will be issued by Prudential Trust Co.

* * *

Hedley Mascot Gold Mines produced $160,825 from 16,983 tons of ore in the period from April 1 to June 30, 1939. Net income after provision for taxes was reported at $68,616. Development during the period resulted in the extension of the known ore on the 4,400-ft. level and the discovery of a new ore body at about the 5,000-ft. level which from present indications is an extension of the old No. 5 ore body. Drifting is now being carried on to develop the new ore bodies on the 4,400,- 4,800- and 5,000-ft. levels. Diamond drilling is being continued on the Eagle's Nest claim. In the future it is planned to issue quarterly reports accompanying dividend cheques.

* * *

Hudson Bay Mining & Smelting Co. had estimated net earnings of $2,243,591, equal to 81 cents a share in the six months ended June 30, 1939, before allowance for depletion. In the same period last year profit was $2,038,328 or 74 cents a share. An increase in the tonnage of ore milled was shown this year with 821,309 tons milled the first half compared with 818,566 last year.

* * *

Hallnor Mines has declared a dividend of 15 cents a share payable Sept. 1, 1939, to shareholders of record August 15. Last previous payment was one of same amount on June 1, 1939.

* * *

Kelrowe Gold Mines has laid plans for shaft sinking with work to get under way immediately. The company's property is located in Hislop twp., Ont., east of the Porcupine area and close to the Ross mine of Holliinger Consolidated Gold Mines. The shaft will be sunk under a contract already let and it will be put down to a depth of 325 feet with levels established at 175 and 300 feet depth. Only short crosscuts are expected to be necessary at each level to reach the ore zone. Diamond drilling carried out indicated several ore zones. One with a length of 200 feet is stated to average $12.22 per ton across an average width of 8.5 feet. Another, known as the B area, has an indicated length of 250 feet averaging $22.30 across 5 feet. The latter zone will be explored at a later date, it is stated.

* * *

Minesta Mines, subsidiary of Mineral Estates, has resumed diamond drilling at its property of 31 claims in Godfrey twp., west of Timmins. Hole No. 15 is being put down to test what is considered an important contact zone. Drilling is under the direction of Toburn Gold Mines which is controlled by American Smelting & Refining Co. through Premier Gold Mining Co.

* * *

Malargo Mines has secured a third interest in South American Gold Areas, according to the company's annual report. This company owns Sao Bento Gold Mines in Brazil which has 60,000 feet of underground workings, a mill, roaster and a considerable tonnage of good grade ore. Further expenditures will be needed to bring the mine into production but the Maralgo management believes that in time it will be of value to the company. As at April 30, 1939, Maralgo had cash on hand of $9,350 while shares in other companies shown at $342,502 had an approximate market value of $181,694. Total expenses for the year ended April 30, 1939, amounted to $8,038. The company participated in exploration in the Yellowknife area but nothing of importance developed. Work at Jellicoe, the company's chief interest, was disappointing. Three groups of claims are still held in the Little Long Lac area.

* * *

National Malartic has spotted its first drill hole on its south group. The hole is stated to have been sighted to undercut a Sladen hole which returned a very high value near the boundary with Sladen Malartic Gold Mines.

* * *

Noranda Mines has declared a dividend of $1 per share payable Sept. 15, 1939, to shareholders of record August 21. Similar $1 dividends were paid on March 15 and June 15 in 1939.

* * *

Perron Gold Mines has declared regular quarterly dividend of four cents a share plus an extra of one cent a share, both payable Sept. 21, 1939, to shareholders of record September 1.

* * *

Split Lake Gold Mines has completed its mining plant and everything is stated to be in readiness to start shipments of ore to a neighboring mill. Haulage costs from the mine to the mill are estimated at 50 cents a ton.

* * *

Smelter Gold Mines plans to carry out a programme of diamond drilling at its property at Rowan Lake, Ont., The Financial Post is informed. A new disclosure shows a length of 100 feet and is reported as 27 feet wide. Visible gold is stated to be in evidence.

* * *

Surf Inlet Consolidated had a net operating profit of $127,000 for the year ended June 30, 1939, before allowance for depreciation and depletion, states E. W. Petley, president. Gross production for the period is given at $343,000. As at June 30, 1939, current assets amounted to $139,000 against current liabilities of $22,000, leaving working capital of $117,000 against $31,064 last year. Positive and probable ore in the Pugsley mine may be reasonably estimated at two years' supply for the mill at the present rate of production, according to the president, and if indicated ore at the Surf Inlet mine and possible ore at the Pugsley are included, three years' ore supply is not thought to be an overestimate. Grade of this ore is likely to be from 0.4 to 0.5 oz., it is stated.

* * *

Senator-Rouyn has completed its shaft to its objective of 550 feet with levels established at 125-foot intervals, and crosscutting to the ore zone is now under way on the bottom level.

* * *

Sladen Malartic will show an operating profit for July, The Financial Post is informed. Over 100 tons of ore daily is now being drawn from the new shaft workings with total recovery averaging slightly over the $3 mark. The ore length in the new shaft area next to East Malartic has been increased to 500 feet.

* * *

Wright-Rouyn has about an additional 300 feet to go to reach its indicated ore zone.

* * *

Wendigo Gold Mines has intersected the No. 1 vein in the crosscut at the 950-foot level, shareholders were informed at the annual meeting. Preliminary work did not show the vein as large as at the upper levels, it is stated, but interesting results are being obtained. Insufficient work has been done to determine its extent, however. On the sub-level at 875 feet about 250 feet of work has been completed with values averaging $12 per ton across a width of about 66 inches. The shaft is now down 1,050 feet on its way to 1,150-foot horizon and another level is to be established at 1,100-foot depth.

* * *

Yama Gold Mines has its shaft down 183 feet and station-cutting at the 250-foot horizon will start August 15, officials anticipate. A new fracture is stated to be dipping into the shaft at a depth of 163 feet.

Island Mountain Profit Increases by $25,000

An operating profit of $133,465 is reported by Island Mountain Mines Co. for the first six months of 1939, almost $25,000 higher than the $109,757 reported for the comparable period of last year. Production amounted to $337,600 in the first half of 1939 and was obtained from 22,912 tons of ore milled, an average recovery of $14.73 per ton.

Diamond drill intersections are being developed on the 4,130 and 3,820-ft. horizons by raises from the 4,000 and 3,750-ft. levels. On the 3.625-ft. level a quartz vein has been opened for about 150 ft. southeast of the wide quartz vein and now shows a length of 215 ft., averaging 0.41 oz. of gold per ton across 4 ft.

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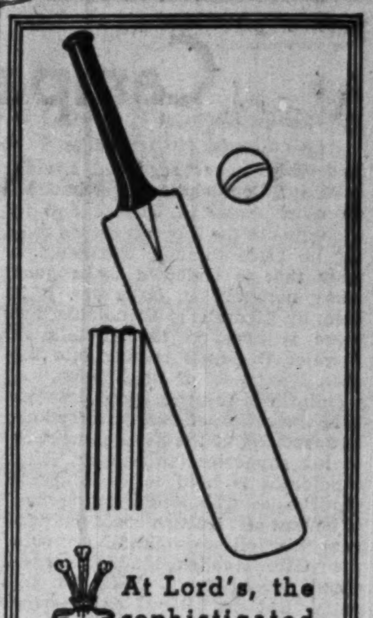

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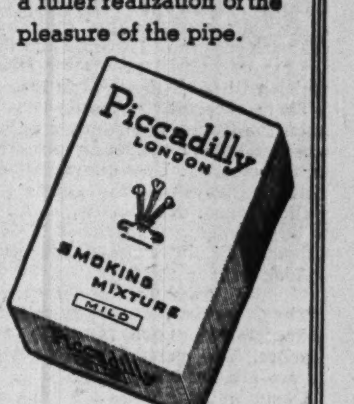

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Campaign Warms for "If-No Crisis" Election

(Continued from page 9)

leadership, never regretted having done so? Conscription overshadows all other issues in Quebec and in consequence the Liberals are conceding no gains to their opponents, a view that is endorsed by a good many non-partisan observers. It is held, by Liberals, to be notable that there is now no further talk of Premier Duplessis coming into the open in support of Dr. Manion.

Ontario is the bad spot, although here the action of Premier Hepburn in approving of the decision of most of his supporters to support King candidates is held to be of great significance. The inside story seems to be that Mr. Heburn could not prevent his followers lining up with their Ottawa colleagues. To have resisted would have destroyed his party. But no Liberal expects the Government to hold its present strength in Ontario.

Western prospects have improved, according to Liberals, with the crop and with the inability of opposition groups to form a united front.

Liberal Forecast

So the Liberals arrive at these figures as their minimum part of a new House of Commons:

Maritimes, 21; Quebec, 50; Ontario, 32; the West, 35. That means 138 seats and a new lease of power. It means, also, a loss of 42 seats, chiefly in Ontario.

But the Conservatives, too, confidently predict a majority. The Conservatives claim that right now they are certain of 110 seats and that the campaign will generate a swing which will swell the total to 135.

Their forecast is based, largely, upon the Government's utter failure to solve any of the major problems in the country. Unemployment, deficits, railways—all the ghosts still walk abroad. Nightmares continue to be the nightly experience of Canadians with the courage and sense to look facts in the face.

Tory Tactics

The Conservative strategy calls for concentration upon Ontario and Quebec. The party's chances elsewhere are not rated high.

Obstacles to success are thus appraised: The division within the party as a result of the last convention has not been healed. Dr. Manion has not yet gained the confidence of all sections of the party. It is believed that he will do so before the campaign enters the vital stage. The instinct to back the winning horse is still a strong one, and Manion is dead sure he is going to win.

The party is having difficulty raising money. Dr. Manion apparently is not easy to advise, or perhaps the advice which comes from various sections of the party is hard to harmonize. Big business, which is usually a good part of the spinal column of Conservativism, is not satisfied with Dr. Manion's position on the railway problem. The Orange Order is reported to be lacking in enthusiasm for his leadership.

A substantial section of the Ontario party continues to regard the election as one means of getting rid of Dr. Manion and making straight the path for Col. George Drew or Murdock McPherson of Regina.

(The odd fact that both Angus Macdonald and Murdock McPherson are Highlanders from Cape Breton, raised on farms not 30 miles apart, is not commonly known.)

To Stress Unemployment

The Conservatives expect to make gains in British Columbia and, perhaps, to pick up a seat or two in Manitoba. Elsewhere in the West their chief expectation is that the broncho parties will beat the Liberals.

Chief appeal of the Conservatives will be upon unemployment and the remedy to be offered in higher tariffs.

Present expectations of the Tories are:

Maritimes, 13; Quebec, 30; Ontario, 55; the West, 17. That comes to 115 seats, but the campaign, they think, could easily carry the total to 135 or better.

Anyhow, the Conservatives are certain that if they can win 110 seats, the Liberals cannot obtain a majority and they believe that if the election ends in stalemate, their ultimate triumph is assured.

Disunity on the Left

The C.C.F. is having its troubles. There is always the difficulty, fighting on the extreme flank of the larger battle, of being confused in a heap of disgruntled, wrong-headed people who are uncertain of what the rights of things are. It is hard to shake clear of every little protest party; hard to draw the line against Communists and the crackpots.

Six weeks ago, the C.C.F. felt certain of 30 seats or better in the new House. But since the end of May, New Democracy has tended to befuddle things and Mr. Woodsworth will be happy if the party representation stretches from seven to 20 members—rther, he should be happy. Disunity on the left has cost him much.

None of the older parties takes Mr. Herridge and his New Democracy seriously. Mr. Herridge has helped the Government by splitting the opposition vote; he has hurt the C.C.F. by attracting voters who would probably have supported the Socialists. There is a good measure of resentment at the kind of campaign Mr. Herridge is running—personal abuse, the vilification of former friends and colleagues—but no fear or anxiety.

As for the Communists, Mr. Herridge is welcome to them. In Canada, as in England, the embrace of the Communists is mortal; their kiss, the death kiss. When they join a party, the great mass of the people who belong, excuse themselves and depart to other, uncontaminated political tabernacles.

Estimates Clash

Patently, not all the party wizards can be right. If the Liberals win 138, the Conservatives 135 and the C.C.F. 20 seats, it would require a house of 293 members to accommodate them. And nobody has yet suggested that the three parties can sweep Mr. Aberhart and his Social Crediters into the discard. No party is claiming a new dawn in Alberta.

So far as one can judge, there will be from 15 to 17 easy money lads in the new House as in the old.

To pick the flaws in these estimates, would be to read the mind of the people. Only the ballot boxes can decide who is wrong and the extent of the error. The one certainty of the present situation is that neither an election nor its result is sure or certain.

Sir John A. Macdonald's wisecrack about elections and horse races still holds true. And the chances are that if a general election is called, the campaign will be far advanced before the sweep of public opinion becomes noticeable.

Tacticians in Election Manoeuvres

PREMIER KING — Fears a Crisis; Hon. Dr. MANION — Expects 110 Seats; Hon. W. D. HERRIDGE — Discounted Fact-r; J. S. WOODSWORTH — Left Disunited; PREMIER MacDONALD — Grit White Hope; PREMIER HEPBURN — Neutral?; COL. GEO. DREW — Hope of Tories; PREMIER DUPLESSIS — He May Lie Low; M. A. McPHERSON — Western Portent; PREMIER ABERHART — Made an Alliance

Can. Inv. Fund Earnings Rise

Balance Sheet at June 30 Shows Fuller Investment Position

From Our Own Correspondent

MONTREAL. — Improvement in earnings, a more fully invested position, expansion in assets and investment portfolio, and an increase in the number of shares outstanding, is shown by the report of Canadian Investment Fund for the six months ended June 30, 1939.

During the first half of the year Canadian Investment Fund earned 8.2 cents a share on its 2,228,554 shares of capital stock outstanding at June 30. This compares with earnings of 6.1 cents a share during the first six months of 1938 on 2,036,430 shares outstanding at June 30, 1938.

The balance sheet shows cash on deposit as of June 30, 1939, of $432,972 before provision for minor liabilities. This compares with cash of $1,231,542 at the end of 1938 and of $1,403,921 at June 30, 1938.

Total assets are shown at $8,291,723 as against $8,060,442 at the end of 1938 and $7,404,435 at June 30, 1938.

Portfolio Expanded

Investments were carried in the balance sheet at June 30 at a cost of $7,813,993. This compares with $6,770,663 at Dec. 31, 1938, and $5,966,655 at June 30, 1938.

The market value of investments at June 30, 1939, was $7,649,173, resulting in a net unrealized depreciation of $164,440. At the end of 1938 there was a net unrealized appreciation in investments of $840,798. From the end of June to the close of business on July 18, the improvement in security prices resulted in the market value of securities being $450,158 higher than cost as compared to $164,820 below cost on June 30, reflecting a gain of $614,978.

Security Prices Lower

Security price levels as reflected by representative stock averages were somewhat lower on June 30 this year than one year earlier. For example, the Montreal Stock Exchange stock index was lower by 11.96%. The net asset value of Canadian Investment Fund shares was only 3.82% lower on June 30, 1939, than on June 30, 1938.

Income and Surplus Account
Six Months Ended June 30

	1939 $	1938 $
Divds. & int.	198,685	136,992
Less: Expenses	8,529	6,893
Income taxes	7,369	5,048
Net profit	182,787	125,051
Less: Dividends	173,658	157,933
Surplus for period	9,129	*32,884
Add: Prev. surplus	113,214	119,530
Subscr. to cap. stk.▲	2,478	14,181
Less: Int. of shs. red.	189	......
Inc. tax prior year	7,154	......
Distribution surplus‡	117,478	100,827
Add: Prev. stk. sub. bal.	5,694,742	4,392,663
Rec'd on stk. sub.	215,302	956,408
Prof. on sale of secs.†	46,649	*86,782
Less: Redemp. of shs.	17,928	......
Balance forward	6,056,244	5,363,116

▲Portion credited to distribution account. *Loss. †Includes balance at beginning of period of realized profits from sales of securities. ‡Includes earned surplus of $116,147 in 1939 and $96,292 in 1938.

Ottawa Business Bureau Appoints New Manager

R. H. Neilson, onetime general manager of the Montreal Better Business Bureau, has been appointed secretary-manager of the Ottawa-Hull Better Business Bureau. Filling of the position, recently made vacant by resignation of P. Bruce Scott to engage in private business activity in Toronto, was announced by John Murphy, president of the Ottawa-Hull Bureau.

After leaving the Montreal Bureau about 18 months ago, Mr. Neilson assisted for a time in the preliminary activity looking to formation of a better business bureau in Vancouver. The Ottawa Bureau completed its first year of operation early in 1939.

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Obituaries

Sir Charles Gordon, chairman of boards of Penmans Ltd. and Royal Exchange Assurance Co., Canadian Board; president Bank of Montreal, Royal Trust Co., Dominion Textile Co., Dominion Glass Co., Montreal Cottons Ltd., Hillcrest Collieries Ltd., Ritz Carlton Hotel Co.; vice-president, Guarantee Co. of North America; director Canadian Pacific Railway, American Locomotive Co., Borden's Ltd., Brinton-Peterboro Carpet Co., Canadian Airways Ltd., Ogilvie Flour Mills Ltd., Montreal Light Heat and Power Cons., Consolidated Mining and Smelting Co., Dominion Rubber Co., Dominion Steel and Coal Co., Standard Life Assurance Co. and other important concerns; governor, McGill University and Royal Victoria Hospital; vice-chairman of the Imperial Munitions Board, Ottawa, during the Great War, and representative of Minister of Munitions and director-general of war supplies for Great Britain at Washington; at Montreal, aged 71.

A. C. Thorn, general superintendent Canadian Pacific Express Co., eastern lines, aged 57, at Toronto.

W. D. Gregory, barrister, chairman of commission which investigated Chippawa Canal of Ontario Hydro-Electric Power Commission in 1922, at Toronto.

F. T. Kaelin, former chief engineer, Shawinigan Water & Power Co., at Montreal, aged 65.

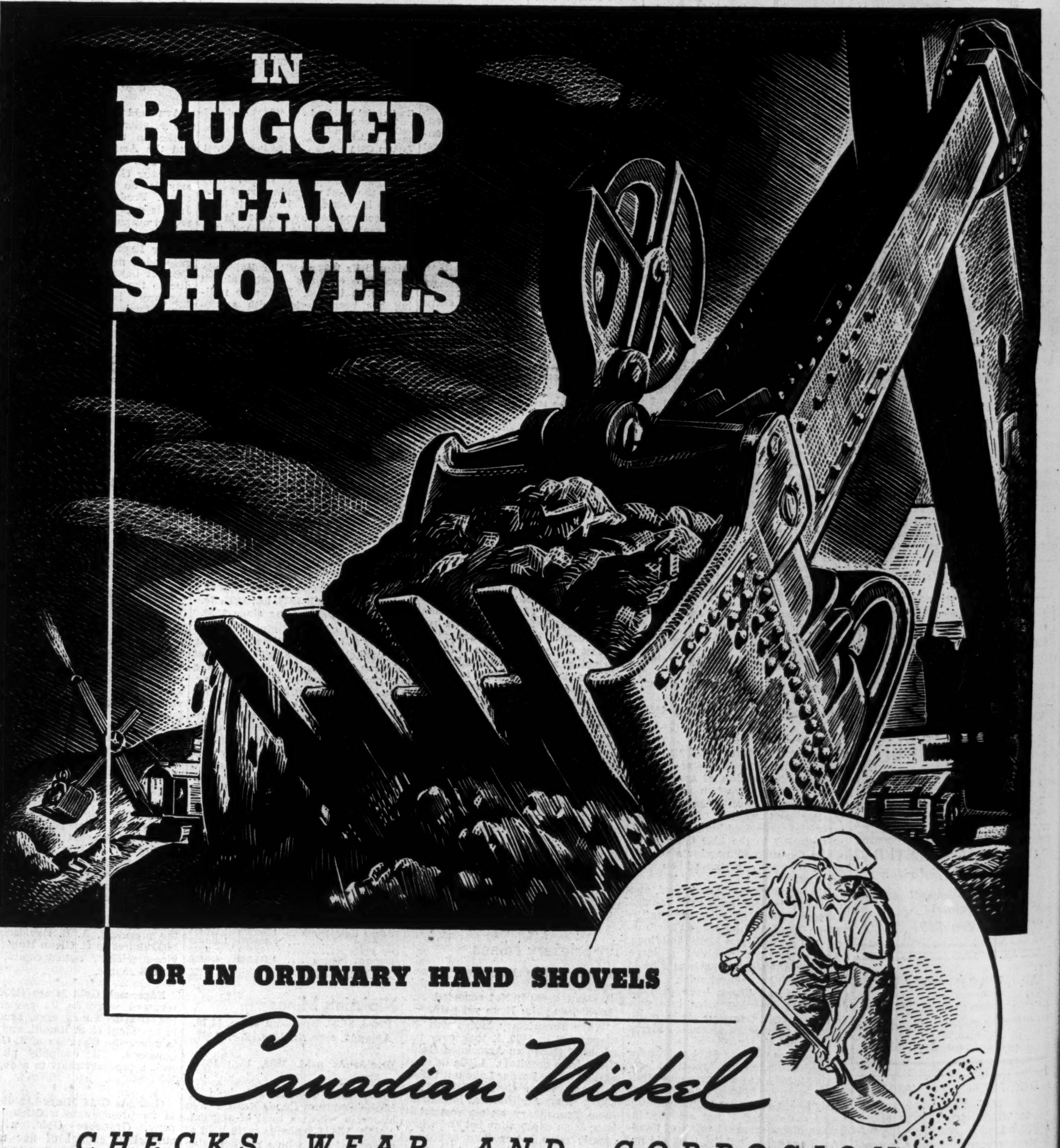
Toll Traffic Is Improved For Maritime Telephone

From Our Own Correspondent

MONTREAL. — Maritime Telegraph and Telephone Co. and its subsidiary, Island Telephone Co., report an increase in long distance toll traffic in June.

Long distance calls handled by the Maritime Telegraph and Telephone Co. in June totalled 135,510, an increase of 3,325 as compared with June last year. The Island Telephone Co. reports a total of 17,397 calls, an increase of 2,153. The visit of the King and Queen contributed to the increase.

For June, Maritime Telegraph and Telephone Co. reports an increase of 299 in the number of stations in service, bringing the total to 42,507.



CHECKS WEAR AND CORROSION

A MIGHTY POWER SHOVEL burrows into the earth and noses its way among rocks and boulders. Its dipper teeth, gears and other vital parts are of Nickel Alloy Steel to stand up under abrasion and sudden shocks.

Hand shovels too are made of Nickel Alloy Steel to give light weight, strength, and resistance to abrasion. "Monel" shovels (2/3 Nickel plus 1/3 Copper) last ten months in handling acid-saturated ore, where iron shovels lasted ten hours.

Nickel Alloys are one of industry's most important tools where extra strength, toughness and resistance to wear and corrosion are required. And still International Nickel engineers contact industry the world over seeking new uses where Nickel can bring new economies. For Nickel is of no value to Canada until it is mined, smelted, refined—*and sold.* The production of Nickel from Canadian mines, smelters and refineries not only provides employment for thousands of Canadians; when purchased for the peaceful pursuits of industry throughout the world, it is a vital factor in our export trade.

You are invited to write for a copy of "The Nickel Industry in 1938"

NICKEL MONEL

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